

Italy	Sch. 15 July	1,110	Portugal	1 x 65	
Bahrain	Do 0.65	Japan	16,500	S. Africa	Rs 6.00
Belgium	Br. 35	India	16,500	Singapore	S. 6.10
Canada	C\$ 50	Iceland	16,500	Spain	Pts 95
Denmark	Do 1.00	Lithuania	16,500	Sri Lanka	Pts 50
Egypt	£ 1.00	Malta	16,500	Sweden	Dr 6.50
Falkland	£ 1.00	Morocco	16,500	Tunisia	Do 5.50
France	Fr. 5.00	Nicaragua	16,500	U.S.A.	Do 5.50
Germany	DM 2.00	Morocco	16,500	Yemen	Do 5.50
Greece	Dr. 2.00	Montenegro	16,500	Turkey	1.160
Iraq	Do 15	Monaco	16,500	U.S.A.	Do 5.50
Iran	Do 2500	Philippines	16,500	U.S.A.	Do 5.50
Jordan	Do 20	Portugal	16,500	U.S.A.	Do 5.50
Kuwait	Do 2500	Portugal	16,500	U.S.A.	Do 5.50
Lebanon	Do 15	Portugal	16,500	U.S.A.	Do 5.50
Malta	Do 1.00	Portugal	16,500	U.S.A.	Do 5.50
Spain	Pt 95	Portugal	16,500	U.S.A.	Do 5.50
Sri Lanka	Pts 50	Portugal	16,500	U.S.A.	Do 5.50
Tunisia	Do 5.50	Portugal	16,500	U.S.A.	Do 5.50
U.S.A.	Do 5.50	Portugal	16,500	U.S.A.	Do 5.50
Yemen	Do 5.50	Portugal	16,500	U.S.A.	Do 5.50

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,078

Friday May 20 1983



## NEWS SUMMARY

### GENERAL

#### Socialist support waning in Italy

An Italian opinion poll shows growing popularity for the small "lay" parties of the centre and waning support for the Socialists of Bettino Craxi.

The survey, the first major poll before the general election on June 26 and 27, was conducted by the respected Dorsi research institute. It indicates that the Christian Democrats are recovering under Giacomo de Mita, their leader for one year.

Page 3

#### Israelis buzz Beirut

Two Israeli fighter jets swooped low over Beirut, breaking the sound barrier and an uneasy calm as U.S.-led moves to get foreign troops out of Lebanon remained stalled.

#### Diplomats can stay

Bout does not intend to expel four Soviet diplomats accused by West German counter-intelligence of spying. Page 2

#### Chile protest

Chile's Foreign Ministry is making a formal protest to France following French Foreign Minister Claude Cheysson's remarks that General Pinochet was a "curse on his people". Page 6

#### Warsaw funeral

A crowd estimated at 20,000 attended the funeral of Grzegorz Przemysk, 19, who died after being detained at one of Warsaw's police stations.

#### Zaire amnesty

Zaire's President Mobutu granted an amnesty to all political prisoners in the country. He has declared a general amnesty for all Zairean political refugees and said they should return by the end of June.

#### Peace man leaves

Sergei Balovrin, founder member of the independent Soviet peace movement, arrived in Vienna with his family. But three other members are under arrest and one is awaiting trial.

#### Canada spy move

The Canadian Government has introduced legislation to set up an internal spy agency that would give agents protection against prosecution for breaking the law in the course of investigations.

#### EEC founder dies

Belgian statesman Jean Rey, a founding father of the European Community, died in a Liege hospital, aged 80.

#### Japan's film award

Japanese director Shomei Imamura's *La Ballade de Narayama* won the 1983 Golden Palm, highest award of the Cannes Film Festival.

#### War crimes trial

Former Nazi SS officer Heinz Barth will go on trial next week in East Berlin, charged with war crimes in France and Czechoslovakia.

#### Briefly...

Pope John Paul today makes the first papal visit to Milan for 355 years.

Egyptian soldier pronounced dead in 1962 arrived home after 21 years' captivity in North Yemen, it was reported.

French farmers destroyed 300 tonnes of Moroccan tomatoes at an international market in Perpignan in protest at cheap foreign imports.

### BUSINESS

#### Feldstein confirms recovery in U.S.

U.S. ECONOMIC recovery is "definitely under way and building steam," Council of Economic Advisors chairman Martin Feldstein said. The Commerce Department upgraded first-quarter GNP growth to 2.5 per cent, from a provisional 3.1, but details show demand was somewhat stronger than thought. Page 6

• BRAZIL: Repayments of nearly \$800m the country is due to make next month on bridging loans raised last year will almost certainly have to be delayed while the IMF considers Brazil's economic performance in the first quarter. Page 6

Imports fell 6 per cent in April from March to a seasonally adjusted figure of FFr 58.4bn. Exports rose 2 per cent to FFr 55.9bn.

The contraction in imports reflects the slowdown in household spending which is beginning to emerge as a result of the pay freeze and cuts in government spending imposed in the wake of last June's devaluation of the franc. It appears to have occurred in spite of the appreciation of the dollars.

Officials emphasised two special factors. These were the absence in

## France cuts trade gap as austerity moves bear fruit

BY DAVID HOUSEGO IN PARIS

France's trade deficit fell to FFr 1.5bn (\$200m) in April, the best figures for more than 18 months and the first sign that the Government's austerity measures are beginning to bear fruit.

The seasonally adjusted figures for last month follow a FFr 5.5bn deficit in March and a total deficit of FFr 25.2bn in the first quarter.

M. Pierre Mauroy, the Prime Minister, took the unusual step of announcing the figures to the Senate before their normal release at the end of the week. M. Mauroy cautiously described the results as "better" and said that they marked the return to a "good path" of a monthly deficit under FFr 2bn.

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**PÖHL REJECTS FIXED RATES**  
Bundesbank President Karl-Peter Pöhl rejected calls for a return to an international monetary system based on fixed exchange rates. Page 3

April of the speculative import purchases which had preceded the March devaluation of the franc and a volume decline in oil purchases which offset the strengthening of the dollar. France's oil bill in April was FFr 1.7bn less than in March.

If the April results are thus seen by officials as "a little exceptional," there is no doubt that they provide a much needed psychological boost for the Government when the credibility of its stabilisation package is under attack both within the Socialist party and on the foreign exchange markets.

Only this week the Government

suffered a further setback with the announcement of the worst inflation figures in almost two years - a rise in the consumer price index of 14 per cent in April reflecting an annual rate for the first four months of 11.7 per cent. M. Jacques Delors, the sceptics of friend and foe maintained on Tuesday that the Government would still be able to achieve its objective of bringing inflation down to 8 per cent by the end of the year.

The improved trade figures will help the franc, which has recently been weakening against the D-Mark in the European Monetary System. It will also help the Government resist the strong protectionist pressures the administration and the Socialist party for further import curbs to cut the deficit and hence France's dependence on external borrowing.

The halving of last year's trade deficit of FFr 83bn by the end of

Continued on Page 20

#### Indonesia orders re-phasing of \$10bn projects

By Richard Cowper in Jakarta

PRESIDENT SUHARTO of Indonesia has ordered the renegotiation of 10 Indonesian Government projects financed by commercial credit or for requiring foreign exchange.

Bankers and economists say the new instruction, issued and signed yesterday, is likely to affect dozens of projects costing a total of well over \$10bn.

They were particularly dismayed by her performance at a press conference in London on Wednesday to launch the Conservative Party's programme for government. She appeared to be reluctant to allow some of her senior ministers to speak for themselves.

Cabinet ministers do not wish to see the general election campaign narrow down to single combat between the party leaders. They insist that they are individually more than a match for the team of the Labour Party, the main opposition party.

Yesterday's instruction gave no details of the additional projects that will be affected, nor of their total cost. However, it has obviously upset domestic and foreign businessmen, who say this is the sharpest turn of the screw yet by a government which in the last few months has frozen wages, slashed subsidies, squeezed imports, and devalued the rupiah by 27.5 per cent.

Most economists and bankers, however, have praised President Suharto's tough new measures as a brave and essential step towards controlling the country's ailing economy. They argue that without the sharp reduction in imports that the re-appraisals will bring about, the country's balance-of-payments deficit would have become unmanageable.

Among projects that might be affected are a 10-year electric-power programme, which had been expected to cost \$2bn every year for the next decade; several massive cement plants, which involved expenditures of more than \$1bn over the next two years; a \$40m, eight-year helicopter assembly programme; a rehabilitation and expansion of a short to medium-range commercial aircraft. He said the study was expected to be completed by the end of June, but would not disclose the results of the campaign so far.

The study will be crucial in terms of West German commitment to the new aircraft, Aerospacelink executives believe.

French officials hope a positive reaction on the part of West Germany and Lufthansa, the West German airline, could stimulate the UK to revise its currently doubtful attitude towards the A-320 project. He said the study will be crucial in terms of West German commitment to the new aircraft, Aerospacelink executives believe.

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## EUROPEAN NEWS

Lovers of the Riviera need not worry about derricks in the Med, reports Paul Betts

### French oil companies enter deep waters

**STROLLERS** on the Promenade des Anglais in Nice or the Croisette in Cannes need not worry about their view of the Mediterranean. The two large French oil companies, Elf-Aquitaine and Total, have been drilling in the deep waters facing the Riviera but their chances of a major strike of oil or gas are extremely slim, so far at least.

Since last November, the two companies, in a partnership in which ESSO Rep., the French subsidiary of the giant U.S. oil company Exxon, has a 15 per cent stake, have been drilling ten exploration wells 60 miles off the coast of Marseilles. "We never had any great illusions about hitting it big the first time," said M. Pierre Pouvreau, director of Elf's current operations in the Mediterranean.

"This drilling campaign had other purposes beyond testing the technology of the area. We have been testing new drilling techniques and technologies necessary for oil exploration at very great depths," he explained during a recent visit on the Discoverer Seven Seas, the American drillship which has broken all the depth records in offshore exploration.

Indeed, it broke them again in the Mediterranean with the first well operated by Total. The well was drilled at a new world water depth record of 1,744 metres.

The second well, operated by Elf, has been drilled in a rela-



tively lower water depth of 1,200 metres, but it runs far deeper under the seabed, penetrating 4,700 metres compared with about 2,000 metres for the first well.

The FFr 300m (£45m) exploration campaign in the Mediterranean is part of France's efforts to find domestic energy resources to reduce the country's dependency on imported oil. These efforts have mostly been disappointing, apart from the big gas field of Lacq in Aquitaine, which started producing in the 1950s.

Last year, Elf searched in the English Channel near the port of Le Havre but found nothing. "We are not very optimistic about the Channel," says M. Jacques Beranger, head of Elf's domestic production operations outside Lacq. Elf also looked in the Gulf of Gascogne, where it spent FFr 625m during the last two years in the hope of finding reserves where ESSO had failed in the early 1950s. "What was left was the Mediterranean," M. Beranger said.

Between 1968 and 1980 seven wells had been drilled in the Mediterranean in shallow waters with no success. After preliminary research and tests, Elf and Total decided to search in deeper waters. "We said to ourselves: 500 wells have been drilled elsewhere in the Mediterranean and 30 finds—although small—have been made. In 1981 they produced 3.5m tonnes of

French oil companies have seized the opportunity to test out new technology in their search for new resources to cut France's dependence on foreign energy imports. A number of deep-water drilling records have been broken

and goods.

France's oil bill last year totalled a hefty FFr 131bn compared with FFr 128bn in 1981. This year, the oil bill should have risen to around 1.200 billion francs, reflecting lower world oil prices and lower domestic energy consumption (consumption fell to 82m tonnes of oil last year from 87.2m tonnes in 1981). But the collapse of the French currency against the US dollar has wiped out most of these benefits.

For the Mediterranean campaign, the two French oil companies used three new technological and engineering supports manufactured by French com-

panies. These included the instrumented joint made by Matra to monitor the tension, temperature and angle variations of the riser, the pipe which ensures the link between the well and the boat; an underwater camera and sonar system made by the Thomson group; and the riser itself, made by the Creusot-Loire engineering and special steels group.

The riser had to be built so that it could be assembled and set into place as quickly as possible. "A conventional riser takes between four to five days to put together in this depth of water," said one of the French engineers on board the drill ship. "We can only rely on 48-hour coverage from the weather forecast."

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The decision to use the American ship rather than one of the three existing French drillships was taken because the Discoverer Seven Seas is the only ship able to drill at such depths. France has not abandoned altogether a proposal to build a ship capable of drilling at a depth of 3,000 metres. But to make such a ship a paying proposition, the price of oil would first have to rise substantially.

### Berlin link restored

By Our Correspondent in Berlin  
THE first official contact since Berlin was politically divided in 1948 has taken place between representatives of the West Berlin legislature and members of the East Berlin city government and legislature.

A group of Social Democrats in the West Berlin House of Representatives held talks in East Berlin with representatives of the Magistrat, the East Berlin city government, and members of the East Berlin Stadtvorstandesversammlung (city parliament).

In August and September 1948, the East German Communists prevented the city parliament, which then repre-

### Soviet diplomats in Bonn spy row allowed to stay

BY LESLIE COLITT IN BERLIN

BONN does not intend to expel four Soviet diplomats accused by West German counter-intelligence of spying.

In sharp contrast to the recent spectacular expulsion of Soviet diplomats accused of espionage by France and Britain, the West German government under Chancellor Helmut Kohl is scheduled to visit the Soviet Union on July 4 and does not want to encumber the trip with a spy wrangle.

West German counter-intelligence, by leaking the names of the diplomats to the press, signalled that the Bonn government expects the Soviet Union to withdraw the diplomats.

The four Soviet diplomats, a second secretary at the embassy and the air force attaché as well as two members of the Soviet trade mission, are said to have engaged in military and industrial espionage. They are also said to have begun building an espionage ring and to have attempted to influence the West German peace movement.

West German officials note the publicly named Soviet diplomats are now of no use to Moscow. The Soviet embassy in Bonn claims the espionage reports a "provocative forgery aimed at poisoning the atmos-

sphere of Soviet-West German relations.

In virtually all previous instances where West Germany disclosed the names of Soviet diplomats who were alleged spies, the diplomats were discreetly recalled within months. Western diplomats note that Chancellor Kohl is scheduled to visit the Soviet Union on July 4 and does not want to encumber the trip with a spy wrangle.

West German counter-intelligence, by leaking the names of the Soviet diplomatic personnel in West Germany, is engaged in espionage. But the East German intelligence service is said to have deepest penetration in West Germany with thousands of East and West German agents in all walks of life.

Most convicted spies for East Germany are given mild sentences in West Germany and are permitted to remain there after serving their prison term.

AP reports from Bonn that Soviet branch police yesterday arrested a Soviet diplomat and charged him with spying. He is said to be in possession of a secret military document.

### Russia hints at 'realistic' currency rates'

By Anthony Robinson, Moscow Correspondent in London

THE SOVIET UNION'S leading expert on Comecon affairs, Mr Oleg Bogomolov, has implied that Moscow is prepared to consider a reform of the transmissible route accounting system in intra-Comecon trade and introduce "realistic currency rates" to facilitate closer integration and co-operation.

In a lengthy article in the Soviet theoretical monthly *Kommunist*, setting out what is in effect the Soviet response to US-inspired moves to restrict technology transfers, Mr Bogomolov adds that Comecon's main priority should be closer co-operation in the development of new technologies because individual members would never catch up with the West.

The timing of the *Kommunist* article suggests it was meant to coincide with the now-postponed Comecon summit and reflects Soviet leader Yuri Andropov's desire to strengthen economic links between the Soviet Union and its partners and reduce Comecon's dependence on western finance and technology.

The article also precedes the forthcoming Williamsburg summit, where Western measures to restrict technology transfers to the Soviet bloc is one of the more contentious items on the agenda.

No reason has been given but the authorities, who announced the closure decision in the *Moskovskaya Pravda* newspaper last Saturday, are believed to have become alarmed at the risk of public disturbances as millions of Muscovites and visitors tried to reach home by alternative means.

The Metro system with its grandiose marble halls and chandeliers has been steadily extended to provide cheap rapid transport for the 2.5 million Muscovites who now live mainly in the new high-rise suburbs.

With few private cars and buses already overladen closure of the Metro would have stranded millions of Muscovites returning home from their habitual day out by the rivers and lakes.

AP reports from General U.S. and Soviet negotiators held a two-hour meeting yesterday on their conflicting proposals to limit nuclear weapons in Europe without indicating whether they had made any headway.

### Trade results setback for Spanish Government

By DAVID WHITE IN MADRID

A SETBACK in Spanish trade results for the beginning of the year has given a poor start to the Socialist Government's hoped-for reduction in the country's balance of payments shortfall.

The trade gap in January and February almost doubled from the same period a year ago to Ptas 29.8bn (£1.4bn), according to the latest figures.

Exports failed to reap any apparent benefit from the 8 per cent devaluation of the peseta, made when the Government took power in December. The total in local currency terms was barely changed from last year's level for the two months, and the February figure was actually 7.5 per cent down on the same month in 1982.

Imports in pesetas meanwhile rose by 22 per cent.

However, Government officials are still counting on a substantial reduction in the trade deficit—\$1.1bn last year—and on a current account gap for the year of between \$2.5bn and \$3.5bn compared with \$4bn last year.

They base these expectations principally on the fall in oil prices, gains in the competitiveness of Spanish products, and

lower interest rates on the country's foreign debt, set to pass \$30bn this year.

The saving on Spain's oil bill, which in February made up more than 30 per cent of total imports, is put at \$1.5bn for the year.

On the other hand, a significant factor in the latest figures is a sharp increase in non-oil imports, led by machinery and chemical products, which climbed by 40 per cent in February.

Meanwhile, the government is sticking to an ambitious export target of 5 per cent growth in real terms well above the expected economic growth rates in Spain's main markets.

Fears of increased protectionism by France and the recurrence of strikes by French farmers on lorries carrying Spanish produce have cast a shadow over these prospects.

The February trade figures reaffirmed France's dominant position as an export market for Spain, representing almost twice as much as the number two market, West Germany, and almost three times as much as the UK.

### Railway review urged

By DIANA SMITH IN LISBON

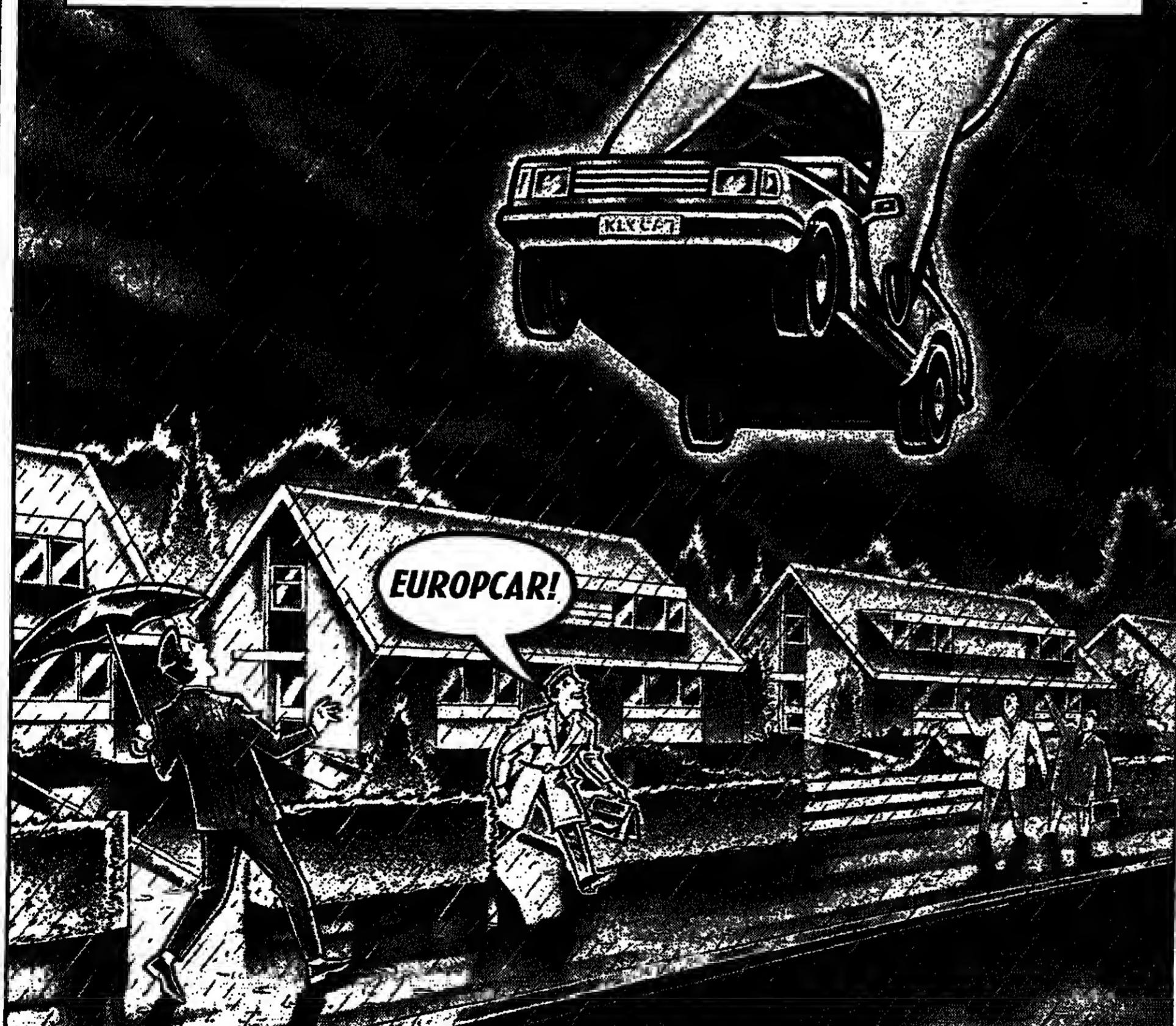
EUROPE'S transport ministers have called for a review of several railways whose importance has diminished recently.

At the same time, gathered in Lisbon for the 57th meeting of the Conference of European Transport Ministers, the participants called for the unification of international rail fares and the training of rail employees who work on international routes.

The conference was founded in 1953, grouping 19 West European countries and four associate members, Australia, Canada, Japan and the USA. It meets twice yearly to debate policies for all forms of European transport—including, this year, bicycles.

FINANCIAL TIMES, published daily except Sunday and Bank Holidays, U.S. subscription rates \$12.00 and £10.00. Second Class postage paid at New York, N.Y. and at additional mailing

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## EUROPEAN NEWS

## Call for concerted reflationary measures

By David Housego in Paris

EUROPEAN Socialist Governments assembled in Paris called yesterday for internationally concerted reflationary measures to achieve higher levels of growth.

In a joint declaration after their two-day meeting, they put strong emphasis on the need for the U.S. to reduce its budget deficit as an "indispensable condition" for sustainable recovery. They blamed the U.S. budget deficit for excessively high interest rates and the strength of the dollar.

M. Pierre Mauroy, the French Prime Minister, said that none of the governments present had been given a mandate to speak for the group.

But Mr. Olof Palme, the Swedish Premier, said that they hoped their action would reinforce President François Mitterrand's hand at the Williamsburg summit at the end of next week.

He said afterwards that while he believed that there was a consensus on the need for concerted action among the business community and trade unions, though much of the world, he feared that this was not the view of other governments participating at Williamsburg.

Apart from France and Sweden, the two-day meeting was attended by Prime Ministers Dr. Andreas Papandreou of Greece, and Mr. Kalevi Sorsa of Finland. Portugal was represented by Sr. Mario Soares, who is expected to lead the next coalition government, and Spain sent a delegation in the absence of Prime Minister Felipe Gonzales.

The idea of the conference arose out of another meeting of Socialist governments in Paris in January this year called at French initiative.

Without naming them, the Socialist governments felt that of the major industrialised countries, West Germany, Japan and Britain all had room to pursue more expansionary policies. With France's recent unsuccessful attempt to pursue a single handed expansionary policy in mind, the governments stressed the importance of co-ordinated action.

The conference supported President Mitterrand's recent proposal for an international monetary conference to help establish a more stable international monetary system.

## BUNDES BANK PRESIDENT ADAMANT

### Poehl rejects exchange rate plea

BY STEWART FLEMING IN BRUSSELS

HERR KARL OTTO POEHL, president of the Bundesbank, the West German central bank, yesterday vigorously rejected calls for a return to an international monetary system based on fixed exchange rates.

Among those making the plea was M. François Mitterrand, the French President.

Speaking at the International Monetary Conference in Brussels, a meeting of the world's leading commercial bankers,

Herr Poehl added that, in his view, conditions for more stable exchange rates had improved because there was greater similarity between inflation rates in the major industrial countries.

### Dutch minister warns of deficit funding problems

BY WALTER ELLIS IN AMSTERDAM

THE FAILURE of this week's Dutch state loan to raise more than Fl 800m (£200m) for the Government's coffers has been cited by Mr. Herman Ruijs, the Netherlands' Finance Minister, as evidence of how difficult it was going to be this year to fund the public sector deficit.

That deficit this year is expected to reach Fl 35bn, and Mr. Ruijs said that the latest loan failure had been an important straw in the wind.

There was no longer any easy means of raising bridging finance, and the only long-term solution to the problem was a reduction in public spending leading to a more equitable ratio between actual revenue and borrowings.

The Dutch Government is committed to bringing the public sector budget deficit down to 7.4 per cent of national income by

### W. German market for cars still improving

BY JOHN DAVIES IN FRANKFURT

THE WEST GERMAN market for cars and trucks is improving slowly, but production is still severely hampered by weak exports.

The West German motor industry association said yesterday that domestic sales of cars and vans gathered pace last month and even the stricken trucks market had improved.

Export demand for cars, however, had weakened noticeably last month while orders for

commercial vehicles stagnated at their low level.

Output of all types of vehicles in West Germany in the first four months of this year—at 1.43m—was 7 per cent down on the same period last year, when export sales were buoyant.

Production of passenger cars and vans was 1.33m compared with 1.43m a year earlier, while truck and bus output was 101,800 compared with 110,380.

Confidence about the prospects for continued economic recovery in both the U.S. and West Germany was expressed at the conference by the heads of the two countries' central banks.

Herr Poehl said that he was expecting real growth of one percentage point in West Germany this year.

This, he added, is "more than it looks" in view of the low level from which the upswing is taking place.

Mr. Paul Volcker, chairman of the U.S. Federal Reserve Board, said the U.S. economy had considerable recovery momentum which would be helped by stock rebuilding and the forthcoming tax cut. So far this year, he added, the U.S. economic recovery had been burdened by continued stock liquidation.



Otto Poehl

### Liege region hit by labour unrest

BY OUR BRUSSELS CORRESPONDENT

THE LIEGE area of Belgium was hit by labour unrest yesterday as steelworkers of Cockrell Samore, an employee of the City of Liege staged a one-day strike.

The strikes provide growing evidence of the disturbed relations between Wallonia, the French-speaking part of Belgium, and the central government in Brussels.

The steelworkers were protesting against a report com-

missioned by the government, which recommends sharp cuts at Cockrell Samore, the country's major producer.

Steelworkers in Charleroi will demonstrate against the re-

port today.

The site employees have

staged a succession of demon-

strations against what is con-

sidered the tardiness of the

central government in pro-

viding funds.

Mr. Rey had been brought up

### Jean Rey, a founding father of the EEC, dies

BY PAUL CHEESERIGHT IN BRUSSELS

M. JEAN REY, one of the founding fathers of the European Economic Community, died yesterday, aged 80, in his home town of Liège, Belgium.

He was a member of the European Convention from the early days of 1958 and remained

mainly in a German prisoner-of-war camp.

Associates remember him as

an irrepressible optimist.

M. Rey was a firm believer in a federal Europe, talking about direct elections to the European Parliament and the development of the European Monetary System years before that became facts.

"It was the bane of our generation to have had enough faith to undertake this great European enterprise. The task of future generations is to complete it," he said recently.

He lived in an age when, France notwithstanding, there was a deal more optimism about closer European integration than now.

in a tough political school—that of Liège, in the 1930s, as new one of the battlefields of Belgian politics. He came to national prominence after World War II, when he spent mainly in a German prisoner-of-war camp.

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viding funds.

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### Cyprus PM in Brussels talks

BY JOHN WYLES IN BRUSSELS

THE Premier of Cyprus, Mr Spyros Kyprianou, meets senior members of the European Commission here today as part of a major diplomatic effort to win EEC backing for a new initiative to end the partition of his country.

Although much of his talks with M. Gaston Thorn, Commission President, and his colleagues will deal with the state of Cyprus' trade relations with the EEC, Mr. Kyprianou will also

stress the need for Community

support for the bid by Sr Perez de Cella, UN Secretary-General, to mount a mediation mission on the Cyprus question.

Mr. Kyprianou's European tour will have taken in visits to Paris, Rome and London, where he is urging backing for the UN's diplomatic initiative on parti-

produce.

For the past two years, Italy and France have been blocking any move which might favour Cyprus on the grounds that other Mediterranean countries would be encouraged to seek better access for their goods.

This has prevented the EEC from honouring undertakings to negotiate a customs union with Cyprus, originally due to come into force at the beginning of next year.

## Socialist support waning in Italy, poll shows

BY RUPERT CORNWELL IN ROME

THE FIRST major opinion poll before the Italian general election on June 26 and 27 has been published, indicating strengthening popularity for the smaller "left" parties of the centre and waning support for the Socialists of Sig Bettino Craxi.

The survey, conducted by the respected Doxa research institute, shows that the Christian Democrats are recovering under Sig Ciriaco de Mita, their leader of one year. However, the decline in the Communists' share of the vote, which began in previous election of 1979, is continuing.

In Italy perhaps more than elsewhere, opinion polls should be treated with caution. The results are soundly won last month and commissioned by what La Repubblica newspaper, which published the results yesterday, described as "several political and industrial organisations, including the Christian Democrats."

The poll gave 38.6 per cent of voting intentions to the Christian Democrats, confirming their standing as easily Italy's largest party. The figure indeed is slightly higher than the 38.3 per cent won in 1979.

The Communists, who are fighting the election on the platform of a left-wing alternative government, are given only 27.3 per cent, compared with 30.4 per cent four years ago, and 31.4 per cent when the party was at its zenith in 1976.

Those declaring their intention of voting Socialist were only 11.4 per cent of the sample. True, the share is higher than the 9.8 per cent the Socialists won in 1979, but is well down on the 13 to 15 per cent being attributed to the party only a few months ago.

An actual result of that kind would be interpreted as a severe setback for Sig Craxi.

The most impressive performance is by the Republicans, who in 1981 and 1982 provided Italy's first non-Christian Democrat Prime Minister in the person of Sig Giovanni Spadolini. The relative success of that experiment has undoubtedly contributed to the 5.5 per cent showing in the poll, against just 3 per cent at the 1979 election.

## Romania may suspend tax on education

BY DAVID BUCHAN

ROMANIA HAS told the U.S. that it may suspend next month its new education tax on emigrants, in order not to lose

its goods. The tax on exports for its goods in the U.S. markets.

President Ceausescu decreed late last year that Romanians wishing to emigrate must repay the state the cost of their higher education in hard currency, which very few Romanians bold.

President Reagan countered by announcing that the U.S. could net, under legislation from the MFN, lost in lost exports this year and that 29 of Romania's top 80 exports to the U.S. would be forced out by tariff increases of 30 to 50 per cent.

The Reagan Administration says it will wait and see whether Mr. Andrei's assurances are carried out in practice. If the Romanian policy is changed by early June, there need be no hiatus in MFN treatment, U.S. officials say.



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## WORLD TRADE NEWS

## French jobs protest hits portable computer plans

By CHRISTIAN TYLER, TRADE EDITOR

A FRENCH protest campaign appears to have interrupted plans by the country's state-owned electricity and gas utilities to buy a British electronic computer for the man who reads the meter; it carries each customer's account in its memory bank and can print a bill on the spot.

The product is a portable computer for the man who reads the meter; it carries each customer's account in its memory bank and can print a bill on the spot.

Its developers, a private company in Milton Keynes called Immediate Business Systems, had hoped that successful trial of the system in Paris would lead to orders for up to 3,500 machines worth about £25m.

But the future of the trial, ordered by Electricité de France, is in some doubt following complaints from French trade unionists worried about

jobs and from local electronics companies. Questions about the foreign purchase of this equipment for State industries have been raised in the French parliament.

Electricité de France has told the English company it is keen to test the equipment because it sees cost and cash flow advantages. It has failed to find a French manufacturer who could meet the specification— at least not for several years.

The agreement for the £400,000 pilot project is to be considered next month by the inter-Ministerial committee that scrutinises contracts of France's nationalised industries.

A British embassy official in Paris said the matter was under consideration both there and in

London. The contract was "by no means lost".

IBS remains in the dark about whether EDF will be allowed to go ahead. It has been told by the French company that it is reviewing its budgets and the IBS agreement is part of that review.

To counteract the French CGT union's worry about jobs, IBS said it would probably have to set up a plant in France to manufacture the computers if it won a big order. It had also looked at ways of maximizing local content of the equipment.

The instant bill machine has been tried out for a year in Scotland and trials began this week with the South West Electricity Board.

## Caracas clash on refinery deal

By KIM FUAD IN CARACAS

VENEZUELAN OPPOSITION parties are demanding a full-scale investigation of a \$233m refinery deal. They claim that the Government tried to skirt the country's congress in its planned acquisition of 50 per cent of the West German refinery complex.

The deal, calling for Petroleos de Venezuela, to acquire part of Veba Oel's Gelsenkirchen

refineries while supplying up to 150,000 barrels-per-day of crude over a 20-year span, was signed last month.

Under its terms, Venezuela's actual cash outlay is \$67.5m with its state oil monopoly taking over existing loans to cover the rest of the investment.

Opposition parties claim Congress should have been consulted, but, instead, the Gov-

## Boost likely for Canada groups in S.E. Asia

By Wong Sulong in Kuala Lumpur

A CHANGE in Canada's trade strategy by offering more extensive financing and credits is expected to give a strong boost to Canadian companies bidding for large projects in South-East Asia.

At least one project—a \$200m (£128.6m) timber venture in Malaysia—is expected to go ahead.

When Mr Pierre Trudeau, the Canadian Prime Minister, visited the five countries in the Association of South-East Asian Nations (Asean) last January, he was told one reason why Japanese and South Korean companies had been so successful in winning contracts was that their Governments and banks were ready to come forward with financing and credit facilities.

This message has apparently been heeded: Mr Gerald Regan, Canada's Minister of International Trade, has told Asean leaders that Canadian agencies are now prepared to discuss financing for Canadian winning bids. Mr Regan left Kuala Lumpur yesterday after an 18-day Asean and Hong Kong tour.

He said that, for example, the Canadian Export Development Corporation would finance a timber venture in the East Malaysian state of Sabah up to as much as 85 per cent.

Mr Regan also disclosed that a Canadian subsidiary of Babcock and Wilcox of the UK was competing against three Japanese companies for a \$150m-\$200m deal to supply boilers to the Malaysian Electricity Board for its huge coal-fired power station at Port Kelang.

The Canadian company is reported to be facing stiff competition. The Japanese Government last January pledged a special soft loan for the project.

## Australia and Canada vie for Philippines deal

By Emilia Tagawa in Manila

AUSTRALIA and Canada are vying to build a coal transport system for the Philippines' first coal terminal being constructed in the country's central region.

Australia's Broken Hill Proprietary has proposed a \$35m (£23.3m) slurry pipeline that will transport coal from the blending facility to cement plants in Manila. The pipeline will be capable of transporting up to 1.2m tonnes of coal annually to the plants, BHP has done the feasibility study for free.

Meanwhile, Canadian Pacific Consulting Services (CPCS) has offered a \$90m, 137-km railway that will be capable of carrying 1m tonnes of coal annually. The Canadian company's proposal involves the extension and rehabilitation of existing railways of the state-owned Philippine National Railways.

Both BHP and CPCS have assured the National Coal Authority (NCA) of funding for their respective projects' material imports and for their construction.

However, NCA seems interested in a total funding package that would finance not only the cost of equipment and materials but also the peso funding requirement of the projects and the interest incurred during construction.

An NCA official said that although the pipeline is the cheaper project and would be easier to maintain, the railway could be used to transport other commodities and could help make public transport from the central Philippines to Manila more efficient.

But the deal hinges on the attractiveness of the financing packages that will be offered by each company.

## Algiers trade fair attracts 1,600 companies

By FRANCIS GHILÉS IN ALGIERS

condensates and liquid petroleum gas.

Despite its stance in world affairs which is usually critical of Western countries, more than 80 per cent of Algeria's trade is conducted with Western nations. Algeria's exports last year were worth \$5.5bn—figure senior officials here say will only decline marginally in 1983, probably by about \$500m.

Imports of capital goods are expected to reach \$3.7bn—a slightly lower figure than last year. The difference is accounted for by the fact that massive orders for prefabricated housing units placed last year will not be repeated this year.

## Polish export performance leads to recriminations

By CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S DISAPPOINTING hard currency export performance so far this year which is threatening import targets and the achievement of a surplus to finance the minimum of debt servicing, has led to mutual recriminations between producers and the Government.

Hard currency earnings in the first four months of the year were worth zlotys 126.8bn (£1bn) an increase of 1.9 per cent on the same period last year. This is 5 per cent short of growth planned for 1983.

At a meeting this week of key exporters and senior Government officials, the Government pinpointed the low quality of goods in the electro-machinery sector which includes machine tools, house-

## DSM denies fertiliser dumping

By Walter Ellis in Amsterdam

DSM, the Dutch chemicals and resources group, has rejected claims by France and West Germany that it is dumping subsidised fertilisers on the European market.

Mr Wim Bogers, the DSM chairman, said this week that gas prices charged to the fertiliser division or his company, which are at the heart of the dispute, had increased sharply last year.

To counteract the French CGT union's worry about jobs, IBS said it would probably have to set up a plant in France to manufacture the computers if it won a big order. It had also looked at ways of maximizing local content of the equipment.

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## PARIS INTERNATIONAL AIR SHOW

# Decision on new Airbus still in doubt

SEVERAL major new aerospace developments—one civil and one military on the airframe side, and one new engine programme—seem likely to dominate next year's Paris International Air Show, which opens at Le Bourget on May 26.

The major civil decision is whether or not the European Airbus Industrie consortium, in which British Aerospace has a 20 per cent stake, is now in a position formally to launch its long-awaited 150-seater A-320 version of the already highly successful Airbus.

Although the group has been discussing the venture in detail with many world airlines over recent months, there is still no formal commitment to it by the UK, West Germany or even French Government manufacturers, it would prefer a new, advanced technology engine, such as that now being

planned by the seven-company, five-country consortium being put together by Rolls-Royce of the UK and Pratt & Whitney of the U.S., with companies from Japan, Italy and West Germany.

Airbus Industrie's current plan envisages such an aircraft being built to enter service by end-June target date for the establishment of a new joint company, International Aerospace Progress, with the themes at the Paris air show.

The other major venture on which interest seems likely to centre is the current European plan for a new tactical combat aircraft to replace Jaguars, Phantoms and other fighters in the RAF, Luftwaffe and French

programme for the Agile Combat Aircraft (ACA).

The UK is hoping both the West German and Italian aerospace industries will join the EAP venture, and subsequently settle on a partnership basis.

This message has got through to some US companies, but it is expected to be pressed much further by the European industry during the ten days of the Paris show.

There is still a feeling among many companies in West European aerospace that the US companies still regard collaboration as being little more than permitting European companies to be sub-contractors to US programmes, with little or no technology transfer.

The European aim increasingly is for the US to buy more European products and to establish joint ventures with joint financing and technology contributions.

# TWA to the USA this summer at less than last year.

New York	£329	APEX return £56 less than last summer
Boston	£319	APEX return £47 less than last summer
Chicago	£366	APEX return £134 less than last summer
Los Angeles	£449	APEX return £85 less than last summer
San Francisco	£449	APEX return £85 less than last summer
Free car with new Gatwick flight		

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## OVERSEAS NEWS

Peter Montagnon explains why the colony's currency is under pressure

### Hong Kong search for a magic wand

IT IS said in Hong Kong that within a year the U.S. dollar will either be worth more than HK\$5 or less than HK\$5. The colony's notoriously volatile exchange rate has become an instant indicator of confidence in Hong Kong's political future since Mrs Thatcher visited China last year — and the political question could either go very right or very wrong.

At the moment the foreign exchange market is giving political pollsters a clear thumbs down. This week the Hong Kong dollar has been touching successive lows. It broke through the psychological level of seven to the U.S. dollar on Wednesday and yesterday did even further to 7.035, simultaneously plumbing a new low on its trade-weighted index of 74.7.

This is not to say that there has been a wave of panic selling. The currency has simply drifted lower in a thin market and the trend has not been resisted by the Hong Kong Government, which is reckoned to have a reserve of HK\$30bn and could intervene massively if it wanted to.

Instead, the establishment in Hong Kong is making rather half-hearted attempts to talk the currency up again. Mr Michael Sandberg, chairman of the Hong Kong Bank, told its annual meeting last week that the Hong Kong dollar should recover later in the year, and there are some good reasons why this might happen.

In the first place, the value of the Hong Kong currency has been affected by the worldwide surge in the U.S. dollar, which could be reversed. Trading has also been thin, which means that regular daily sales of Hong Kong dollars by the Bank of China to cash in its export earnings from the territory weigh heavily on the local money market.

### Singapore economy 'sluggish'

By Kathryn Davies in Singapore

SINGAPORE HAS recorded one of the lowest rates of inflation in the world—0.5 per cent for the first three months of this year—but the economy is still performing sluggishly and Singapore faces "a difficult journey ahead," Dr Tony Tan, the Republic's Minister of Trade and Industry, said yesterday.

The Singapore economy is performing lop-sidedly, with an overall growth rate of 5.1 per cent in the first quarter at an annual rate (compared with 6.3 per cent for the whole of last year). Manufacturing declined by 10.7 per cent, shipbuilding and oil rig construction were down nearly 19 per cent and external trade declined by 4.6 per cent.

But the construction sector grew 30 per cent fuelled by a large public housing programme. Financial and business services and transport and communications both grew.

### S. Korean GNP grows by 9.3%

SOUTH KOREA'S gross national product grew a provisional 9.3 per cent at an annual rate in the first three months of this year, compared with a 5.4 per cent rise in the same period in the 1981 period. The growth was led by a 12.9 per cent gain in expenditure on public works and a 10.3 per cent gain in mining and manufacturing activity, compared with 7.2 per cent and 3.7 per cent respectively in the first three months of 1982.

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### Yet more of the same for war-weary occupied Lebanon

By P. COCKBURN IN BEIRUT AND S. DALEY IN JERUSALEM

AN AIR of uncertainty and fear hangs over the streets of Beirut. Few people have more than a fragile hope that the Israelis and the Syrians will withdraw from the two-thirds of Lebanon they occupy. But there seems little doubt that most Lebanese want both the Israelis and Syrians to go home.

In public the Beirut government headed by President Amine Gemayel is optimistic, and has formed a negotiating team to talk to the Syrians. But Damascus opposes the troop withdrawal agreement signed this week between Israel and Lebanon and remains adamant it will not withdraw its own troops unless Israel pulls out unconditionally.

Claims by Washington and Jerusalem that Syrian intransigence is a bargaining position are being discounted in Damascus. Suggestions by Syrian officials yesterday that the door to negotiations might not be entirely closed are seen in Beirut as a public relations effort to put the ball back in the U.S. court.

"The Syrians mean everything they say about not pulling out," says a diplomat. "Nobody weakens President Gemayel's

SIR EDWARD YOUDE, Governor of Hong Kong, may go to Peking to take part in negotiations on the future of the British territory, in July, after China has concluded its National People's Congress and Britain's general election. Robert Cottrell reports from Hong Kong.

Such a move would be regarded as giving fresh impetus to the negotiations which followed Mrs Thatcher's visit to Peking last September, but which so far appear to have been sparse and half-hearted.

They have so far been handled for Britain by its ambassador to Peking, Sir Percy Cradock, who had been scheduled to retire from the post in autumn this year, but

who is now expected to remain until at least the end of the year.

China's public stance since Mrs Thatcher's visit has been to assert that it will recover sovereignty over Hong Kong at or by 1997, when Britain's lease over much of the territory expires, and that the territory will then be allowed autonomy in managing its affairs. China's constitution provided the basis in principle for such an arrangement.

It is now doubted, however, that China will use the forthcoming Congress as a platform to spell out formally its plans to apply the constitution specifically to Hong Kong.

Secondly, the tendency of local residents to switch their bank deposits into U.S. currency for tax reasons—foreign currency deposits are exempt from the 10 per cent withholding tax on interest—has also depressed the Hong Kong unit for a long time.

But the most important economic factor affecting the Hong Kong dollar is also one which the Government hopes will push it up again. Hong Kong's economy is recovering at a dramatic pace. Order books are lengthening and exporters have had to buy a lot of raw materials and components abroad.

The argument goes that this flow will soon move into reverse. By the end of the summer, export proceeds will start to be repatriated to Hong Kong as industry seeks to pay off its local currency debts and cover other costs.

As export receipts flow in,

the Hong Kong dollar should recover naturally and its rise could pick up speed as market operators who are now short of the local currency rush to cover their positions.

There is no doubt that the Hong Kong dollar is now seriously undervalued. It has lost more than a quarter of its international value since 1981.

But there seems to be no escaping the fact that at the moment, the recovery scenario has more than a touch of wishful thinking about it.

Privately, senior bankers and Government officials will admit that the present exchange rate does reflect deep-seated defeatism among the financial community over the political future.

Such an attitude is based on little more than speculation, since there appears to have been little tangible development either way since November.

A more immediate danger to

the economy is the

flow of capital out of the

country.

Opponents of President Ronald Reagan's MX intercontinental missile yesterday drew last-minute encouragement from new U.S. air force estimates suggesting that only one of the 100 MXs might survive a Soviet attack by the end of the decade.

Meanwhile, Planning Ministry officials in Brasilia are putting the finishing touches to a new round of cuts in state company spending, expected to be announced next week.

The revised state company budgets are likely to cut to the bone forecasts in major development projects, with steel and electricity generation certain to be worst hit.

Speaking before the Federal Senate on Tuesday, Mr Delm Neto, Planning Minister, promised a "dramatic reduction" in the public sector despite "presently equivalent to a 15 per cent of gross domestic product—and more rapid reduction is subsidies particularly in the agriculture energy sector."

The confirmation of a slump

in agricultural exports (together with the need for substantial food imports) will qualify the recent evidence of a rapid improvement in the balance of payments.

THE SEVERITY of the drought in South Africa has been underlined by a survey carried out by the South African Agricultural Union which calculates the foreign exchange cost at over Riba (f500m).

Between R700m and R800m

will be lost in agricultural export earnings and R300m will have to be spent on food imports.

The survey adds that farm incomes will fall to about R1.2bn compared with R2.68bn two years ago, and points out that this will reverberate throughout the economy.

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THE LEARNERSHIP of the TULF, as expected won power in two municipal councils and five urban councils for which voting took place.

The leading party of the minority community, the Tamil United Liberation Front (TULF), as expected won power in two municipal councils and five urban councils in the northern and eastern provinces dominated by Tamils. No parliamentary seats were at before Mr P. V. Narasimha Rao, India's Foreign Minister, is to visit Islamabad to jointly head with his Pakistani counterpart a four-day meeting of the recently-established Indo-Pak Joint Commission.

The official's remarks referred not just to the building

of the highway, professed on which were sent to Pakistan (and China) first in June 1980, but to the entire gamut of relations with the two countries. Although no fresh protest has been made by India, the occasion for the official spokesman's remarks was provided by the formal opening of the 4,620 metre high Khunjerab Pass where the Chinese-built Karakoram Highway terminates.

The statement comes just before Mr P. V. Narasimha Rao, India's Foreign Minister, is to visit Islamabad to jointly head with his Pakistani counterpart a four-day meeting of the recently-established Indo-Pak Joint Commission.

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## UK NEWS

# Foot condemns Tory 'criminal complacency'

BY NOR OWEN

MR MICHAEL FOOT, the Labour Party leader, said yesterday that lifting the curse of mass unemployment from Britain was "incomparably the greatest domestic issue".

He condemned the Conservative Party's election programme for failing to include any positive proposals to tackle the worst level of unemployment ever known in Britain.

Mr Foot said it was "criminal complacency" for a great political party to have produced such a document at such a time.

"It offers no hope to the unemployed, on hope for the long-term unemployed still in the dole (unemployment pay) queue, and no hope for the people of Britain that the curse of unemployment is going to be lifted off their backs."

Mr Foot accused the Government of trying to suppress a report by the Manpower Services Commission indicating that the number of long-term unemployed — those claiming benefit continuously for 12 months or more — is likely to rise from the present level of 1m to 1.25m.

A government which had been responsible for the loss of 2m jobs and created a situation where 7m people were dependent on means-tested benefits, he said, had not produced any proposals to mitigate the damage it had caused.

Mr Peter Shore, Labour's Shadow Chancellor of the Exchequer, confirmed that an incoming Labour government would reimpose exchange controls "at once." He insisted



Mr Michael Foot

that the new restrictions on the export of capital from Britain would not have any major effect on the foreign holidays marketed by package tour operators.

The controls, "would simply make sure that people going abroad cannot use holidays as a cover and an excuse for taking out of the country vast sums of money to evade the foreign exchange controls."

Mr Foot brushed aside a suggestion by Mr Sam McCluskie, Labour Party chairman, that any new curbs imposed on trade unions by a Conservative government could lead to a general strike. Mr Foot said he interpreted Mr McCluskie's remarks to mean that the unions, if attacked, would defend themselves.

# Tebbit singles out Healey for attack

BY MARGARET VAN HATTEM

MR DENIS HEALEY, the Labour Party deputy leader, emerged yesterday as the prime target of Conservative and Social Democrat/Liberal Alliance attacks.

Mr Norman Tebbit, the Employment Secretary, said Mr Healey was becoming "more hysterical day by day." Mr Roy Jenkins, the SDP leader, hit out at "older Labour MPs... fearful of Labour's position on defence."

Senior Tories see Mr Healey as a much more dangerous opponent than Mr Michael Foot, the Labour leader, and were yesterday drawing attention to Mr Tebbit's no-holds-barred attack.

Mr Tebbit was replying to Mr Healey's claims, based on a magazine report, that a leaked Cabinet report proved the Government to have been lying in 1981 when ministers claimed the end of the recession was in sight.

Mr Tebbit was anxious to refute five specific claims by Mr Healey: that the report warned that unem-

ployment might reach 3m; that unemployment was a factor in the breakdown of law and order; that the youth training scheme was a device to reduce unemployment figures; that the scheme would put people out of work; and that the Government would strike at union power.

All this was untrue, Mr Tebbit insisted in a press statement.

"Talk of lies is particularly rich from Mr Healey," said Mr Tebbit, pointing to Mr Healey's 1974 predictions of 8.4 per cent inflation, "when we know he had in his hands Treasury forecasts pointing to the near 30 per cent inflation which followed within months."

Mr Jenkins left little doubt who he had in mind in speaking of senior Labour MPs who knew that, if Labour defence policy were implemented, "its foolish contradictions would expose the British Government not only to ridicule, but to the charge that it was deliberately weakening this country's defences."

# Scottish nationalists press for devolution

BY MARK MEREDITH

"CHOOSE SCOTLAND," the Scottish National Party urged voters yesterday, although for the first time in a decade it is arguable whether Scotland will surface as a burning campaign issue.

The nationalist election programme, published yesterday, said that never had the need been greater for an independent Scottish parliament and a Scottish government.

Yet, in the opening days of the campaign, the Conservatives have ignored the subject of devolution. Scottish assemblies feature in the programmes issued by the Labour Party and the Social Democrat/Liberal Alliance, but leaders from these parties see economic issues commanding their attention in the weeks up to June 9.

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# Labour narrows poll gap

By Kevin Brown

LABOUR'S election campaign was boosted last night by an opinion poll which showed the Conservatives' lead cut to 10 percentage points.

The poll, by Harris Research Centre for Thames Television, gave the Conservatives 42 per cent, Labour 35 per cent and the Social Democrat/Liberal Alliance 17 per cent. The total was calculated after excluding 14 per cent "don't knows."

Conservatives were 18 points ahead in a NOP poll published in the Daily Mail yesterday, and 13 points ahead in a Daily Telegraph Gallup poll.

The Harris poll showed that 53 per cent of voters say they do not understand Alliance policies. Yet on nuclear disarmament, the economy, the EEC, and law and order the Alliance received a higher vote of confidence than either of the two major parties.

The poll put Mr David Steel, the Liberal leader, second behind Mrs Margaret Thatcher, the Prime Minister, in the list of most preferred prime ministers.

It was felt that the new restrictions on the export of capital from Britain would not have any major effect on the foreign holidays marketed by package tour operators.

The controls, "would simply make sure that people going abroad cannot use holidays as a cover and an excuse for taking out of the country vast sums of money to evade the foreign exchange controls."

Mr Foot brushed aside a suggestion by Mr Sam McCluskie, Labour Party chairman, that any new curbs imposed on trade unions by a Conservative government could lead to a general strike. Mr Foot said he interpreted Mr McCluskie's remarks to mean that the unions, if attacked, would defend themselves.

Ian Hargreaves explains why the Ecology Party in Britain lacks political weight

# Greens fight 100 seats — with no hope of winning one

MRS MARGARET THATCHER, the Prime Minister, is unlikely to lose much sleep over it, but she will not be the only politically strong-willed woman on the ballot paper in her north London constituency in the general election on June 9.

One of her opponents will be Mrs Simone Wilkinson, who earlier this year spent a few days in jail after demonstrations at the Greenham Common air force base, where cruise missiles are due to be sited. Mrs Wilkinson, a 37-year-old mother of two children, is standing on behalf of Women for Life on Earth and the Ecology Party.

As such, she will be part of the green movement's biggest push so far to establish itself upon the inauspicious stage of the British political system.

The Ecology Party, founded in 1973 and much inspired in the last two years by the progress of the West German greens, will have more than 100 candidates for the 650 parliamentary seats being contested.

In 1979, the ecologists won 18 per cent of the vote in the seats they contested, but hope to improve on this time. "It would be superb if we could reach our target of 5 per cent of the vote in the seats contested, to match the German greens," says Mr Tony Jones, an Ecology

Party organiser. But, as he knows only too well, with a first-past-the-post voting system, 5 per cent wins nothing.

In fact, it is worse than that, since candidates who attract less than 12.5 per cent of the votes lose the £150 deposit lodged with the elections officer. Recently there has

been talk of raising the deposit to £1,000, in an effort to deter what the big parties call "fringe candidates".

The ecologists, however, do not see themselves as fringe candidates. They believe that, in common with the green movements on the European mainland, they are articulating the issues and anxieties which matter most.

For Mrs Wilkinson, one of four Greenham Common peace camp women to be standing on the Joint Women for Life on Earth/Ecology banner, nuclear disarmament is "quite simply the number one issue. I understand when people say they are concerned about the Russian threat, but we have got to find other ways of dealing with that threat because nuclear war is no answer. If we don't, we won't have a world left toicker over."

Mr Jones says that nuclear weapons and support for British withdrawal from Nato will be one of three issues the party will highlight in the campaign.

The second is its ideas for more labour-intensive work programmes — like loft insulation, alternative energy, agriculture and repairs — as part of its campaign to create what it calls "good work" for the unemployed.

Under present conditions, however, there are all kinds of other reasons why the greens will not be a major force in the June 9 election — or probably for many elections to come.

For one thing, environmentalism and concern for the countryside is deep-rooted in Britain and spans all social classes and political parties.

At the last round, there were an estimated 3m Britons in membership of one or other of the dozens of environmental protection groups which exist.

The current cause célèbre of British environmentalism — the plan to build a pressurised water reactor at Sizewell in Suffolk — is a case in point. Although there is not much doubt that a future Conservative Government would go ahead with this plan, both the other electoral groupings, Labour and the Social Democrat/Liberal Alliance, are against it.

Even a specialist body like the Royal Society for the Protection of Birds has 360,000 members and has enjoyed rapid growth in recent years.

Another problem for the political greens is the relative absence, by continental European standards, of a tradition of direct action against changes deemed harmful to the environment. There is also a political landscape which, within the broad spread of the two main parties, not to mention the newly-born Social Democratic Party, provides a home for all shades of environmentalism.

At the same time, the greens face the difficulty that because environmentalism is so widespread in Britain, the Government and the main parties are alive to the need to make concessions, thus defusing what might otherwise become hotter confrontations in which an ecology party might extend its influence.

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# COMMUNICATIONS IN BUSINESS AND SOCIETY

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## CASIO: Creativity getting wider and wider

By Geoffrey Murray

*On the table before Mr. Kazuo Kashio is an array of Casio's latest products to distract any interviewer asking his questions. There is a combination watch and calculator; a walking dictionary watch with a memory for 4,000 English and Japanese words; tiny wallet calculators powered by solar cells and able to operate almost in the dark; hand-held personal computers for data processing on the run; electronic musical instruments that bring an entire orchestra into the living room at the touch of a few buttons; and pocket television sets not much bigger than a wallet, opening up a whole new dimension in entertainment and information dissemination. The business philosophy behind all these products is summed up by two favourite Casio slogans: "creativity getting wider and wider" and "development immediately related to management."*

Murray: Despite the fact that the Japanese and world economy is in a slump, you have managed to increase your sales impressively. What is the secret?

### Selecting products well

Kashio: I think we have selected our products well. We began making calculators and then moved into watches. Now we have added musical instruments, electronic cash registers, office and personal computers. All our areas of business are still growing. The three consumer products — calculators, watches and musical instruments — all have features which are acceptable throughout the world. We all need to calculate, for example. We want to tell the time. And an enjoyment of music is common to all countries, so the market is very large. There are very few manufacturers which have all these three products, so we are in a strong position. Office automation will develop more creating a need for personal computers and word processors. But because they are concerned with systems, I don't think they can be developed indiscriminately for the whole world. It is necessary to formulate different strategies for individual countries. So, I think our company's most promising lines remain the consumer items.

Murray: Have we reached the end of the line as far as major improvements in calculators and watches are concerned?

Kashio: As you can see from our product range, there has been a process of constant change. There have been changes in our products every year, so there is the possibility of major changes in the future. We would not like to change so much if we had a monopoly and no competitors to consider. We have 40 per cent of the world market to calculators and are number one in digital watches. But there is room for advance in other areas and we have developed our business by creating new technologies.

Murray: You now appear to be locked into a microcomputer war with other makers. What is your strategy?

Kashio: There are three separate categories of personal computers... the hand-held type, ones slightly larger for general use and those for business purposes. The pocket computer is now very popular. We are selling 80,000 a month, 50,000 of them in Japan. As to our sales strategy, the most important factor is that the majority of our products can be sold through the mass market. There are no special calculator shops, for example. They are sold through many different outlets, like department stores, electrical goods and camera shops and discount houses. Watches traditionally were sold through jewellers, but digital watches today are sold through many different channels. The same applies to our mini-keyboard musical instruments which no longer have to be sold through specialized musical instrument dealers. So, we have been able to expand our distribution network quite considerably. Of course, we are also making products which will be sold through specialized shops.

Murray: What is the main selling point of these personal computers?

Kazuo Kashio  
Executive Managing Director

Kashio: Well, suppose a salesman visits a customer and makes a sale. Conventionally, he would write out a sales slip. But now he simply makes an entry on his hand-held personal computer. When he returns to his company, that information can be entered into his business computer, finally forming a stream of data into the company's main system. It saves a lot of energy and effort.

(Profile) Casio is world's top electronic calculator and digital watches maker, which is expanding into general electronics. Its unique products include electronic musical instruments, electronic cash registers, personal computers, office computers and LC pocket TV sets lately developed by Casio's advanced technology. Casio's history is one of originality. What has made it so successful is its unique ability to develop original products, using the most advanced technology through its two main pillars, the Development Centre and the Technology Department. Casio's uniqueness also shows in several other ways. In its production, Casio is employing its own new automated manufacturing methods. And in its business operation, too, Casio is constantly seeking new strategies. Casio exports to more than 140 countries all over the world, with bases in the U.S., West Germany and England.

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## UK NEWS

### GOVERNMENT REVISES FINANCIAL ESTIMATES

## More funds for steel

BY PETER BRUCE

THE GOVERNMENT has been forced to abandon its optimistic estimates of the financial support British Steel Corporation (BSC) will need for 1983-84. The Department of Industry said yesterday that BSC would be offered £325m for the financial year, two thirds more than the £195m officially proposed in February this year.

Mention of the £325m was contained in the Government's official response to BSC's long-awaited corporate plan, which gives an operating strategy for steel between now and 1988.

A letter from Mr Patrick Jenkins, Secretary of State for Industry, to Mr Ian MacGregor, BSC chairman, approving the plan, envisages capital investment of £965m over the

next three years, of which £250m is due to begin this year.

Immediate investment includes modernisation of the hot strip mill at the integrated Port Talbot works in South Wales at a cost of £171m. A new plant worth £36m is to be installed at the Clydesdale tube mill; £13m is to be spent on modernising the seamless tube plant near Birmingham, and a further £13m will be invested in a new slab reheating furnace at the Llanwern beam mill on Teeside.

While the two-page letter avoids mention of the less palatable aspects of BSC strategy thought to be contained in the Plan, including estimated cuts in capacity, the £225m external financing limit reinforces the view that the Govern-

ment is finding it very difficult to scale down subsidies.

Like all other EEC steel producers Britain is committed to phasing out subsidies by the end of 1985. The new external financing limit of £225m is, however, only marginally down on the £265m originally agreed for 1982-83. That target proved impossible to meet after a slump in demand last summer, and BSC was given an extra £245m in February to staunch its losses.

The European Commission is studying proposals from member governments on the phasing out of state aids and is due to rule by July on whether or not individual schemes will be allowed to go ahead.

It is thought that this spending will probably sink back gradually to

## Private lending up £210m in April

BY JEREMY STONE

BANK LENDING to the private sector rose by only £210m in the April banking month. At the same time, Government spending gave a sharply expansionary lift to the money supply, contributing some £1.3bn to the rise in sterling M3, the broad measure of money supply which grew by £1.1bn - an annualised rate of more than 20 per cent.

A Central Government Borrowing Requirement (CGBR) of £1.9bn, more than half accounted for by lending to local councils and public sector enterprises, partly represents the last-minute increase in public spending at the end of the last financial year.

The enormous rise in the CGBR is generally held to have been such an overwhelming influence on bank lending in April that analysts are reluctant to read into the figures any signal that the economy may now be growing more slowly than expected.

target levels, allowing the rate of monetary growth to come back within reach of the 7 to 11 per cent target range.

Public sector overspending is the main influence behind the low level of bank lending.

A drastic reduction in bank lending on the mortgage market will also have depressed the private sector lending total.

The new signal that the economy may now be growing more slowly than expected.

See, Page 28

## Barclays raises its Saturday bank fees

BY JOHN GRIFFITHS  
PERKINS, the Peterborough-based diesel engine manufacturer, has shelved indefinitely its £13m venture with Chrysler to build car engines in Canada. The project has been deferred at Chrysler's request.

However, Perkins said yesterday that it had signed a supply contract with Austin Rover, BL's volume car maker, for the production of a light car diesel engine to be launched in 1985.

The Chrysler venture, which also involved the Canadian government as a partner, was announced only last August. Under it, Perkins, which is owned by Massey Ferguson of Canada, would have been involved in the conversion of Chrysler's Windsor, Ontario, petrol engine plant and the production of 2.2 litre diesel engines for Chrysler's North American cars and light trucks.

The new engines will use some components made at BL's plant at Longbridge, near Birmingham, but Perkins will supply the diesel components and assemble the engines at Peterborough.

Although Perkins' stake in the venture was only 2 per cent, it would have had world marketing rights for the engines.

Mr John Towers, Perkins' director of production, said that although Chrysler, for its own reasons, had deferred the project, the North

American diesel market was still there and they were still looking at ways of moving the project forward.

Chrysler first expressed reservations about the project in December, against the background of a steep decline in the US diesel car market as a result of weakening fuel prices.

The £22m supply agreement with Austin Rover will lead to the manufacture of the first car diesel using direct fuel injection, rather than a conventional indirect system. Advantages of direct injection are higher performance and improved fuel consumption.

The new engines will use some components made at BL's plant at Longbridge, near Birmingham, but Perkins will supply the diesel components and assemble the engines at Peterborough.

They will appear in some Austin Rover models in 1985, with Perkins holding world marketing rights to "outside" customers. Perkins said yesterday it was already discussing the engines with several vehicle, marine and agricultural equipment makers.

## Hopes rise for end to strike at BL plant

BY DAVID GOODHART, LABOUR STAFF

HOPES OF an end to a 10-day-old strike at the Leyland Vehicles Albion plant in Glasgow were raised yesterday when shop stewards agreed to put a new peace formula to a meeting of the 1,300 strikers on Monday.

The formula, details of which

are not disclosed, was agreed at a three-hour meeting in Preston. Between Mr Ian Purvis, employees' relations director of Leyland Vehicles, and Mr Gerry Russell, executive member of the Amalgamated Union of Engineering Workers.

The 3,000 lay-offs due to take effect from today at the Bargeddie plant in West Lothian and at Leyland in Lancashire - because of lack of axles from Albion - will be suspended pending the outcome of Monday's mass meeting.

Cigarette 'losses'

SOME cigarette brands are being sold at a loss amid signs of a renewal of a price war and a continuing decline in the overall size of the market, according to a report from stockbrokers Buckmaster and Moore.

The report estimates that brands selling at 26p but with a recommended selling price of 107p could involve the producer in a loss of 2.5p a packet. For a brand selling at 90p the loss could be as much as 5p a packet.

### Cheaper to Brazil

BRITISH CALEDONIAN Airways is cutting round-trip excursion fares between London Gatwick and Brazil this summer by up to £77. From June 1 to the public excursion (Pex) return fare to Recife will be cut from £673 to £597, to Rio de Janeiro from £726 to £651 and to São Paulo from £742 to £685.

### Jobs warning

More than 200 tube workers at the British Steel Corporation plant in Corby, Northamptonshire, who are refusing to accept short-time working, have been warned that they might be made redundant instead. The short-time has been caused by a stamp in orders.

### Cadbury steps up

MR DOMINIC CADBURY has been appointed chief executive of Cadbury Schweppes. He succeeds Mr Basil Collins who is retiring at the end of this year. Mr Cadbury, 43, is at present managing director of the group's confectionery division.

Mr Brodie said the proposed purchaser was Corsa Financiera, of Andorra. The existence of the sherry, and the fact that part had been sold and the rest about to be removed from the Shoreham warehouse - possibly to be taken out of England - had been discovered as a result of an earlier court order.

Mr Ian Bond, of Deloitte, the court-appointed receiver of Multinvest (UK), a London-based holding company, alleged by Rumasa to be another of its undisclosed subsidiaries, was given the power to supervise the trading activities of the Sherry House group of companies, which are subsidiaries of Multinvest (UK), one of which owns the Shoreham warehouse.

Mr Brodie said that Rumasa could prove that there had been fraud in the manipulation of loans from Rumasa. Last year substantial loans had been made through Rumasa's banking arm to "straw" companies set up in Panama and Ecuador simply to seek the loans. Those companies never received the money, which went to Nord-Finanz-Bank of Zurich.

From them it was channelled to Multinvest NV, the Dutch Antilles-based parent of Multinvest (UK). It then went to finance Multinvest (UK), which acquired certain English subsidiaries of Rumasa.

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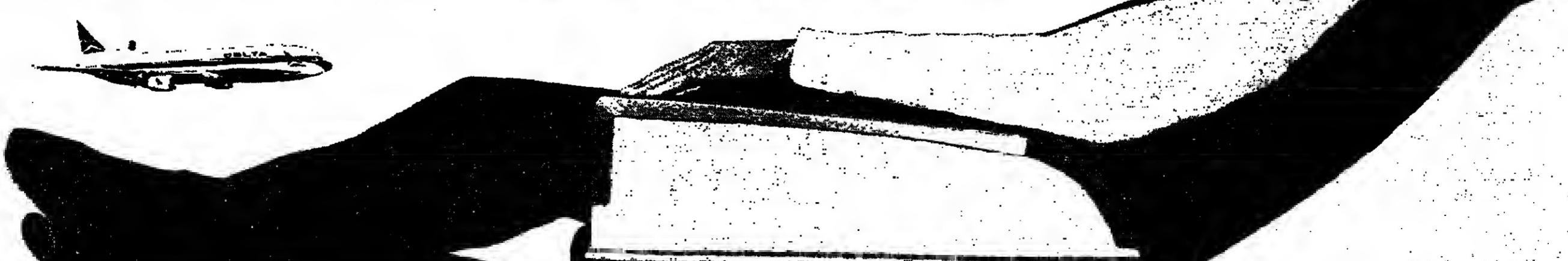
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## APPOINTMENTS

## Management restructuring at Mercantile Credit

Four executive directors of MERCANTILE CREDIT, finance house subsidiary of Barclays Bank, take on new responsibilities next month in a restructuring of the senior management team. Mr Brian Morris becomes executive director of the engineering division; Mr Guy Jenkins becomes finance director and executive director (accounts division); Mr Graham becomes production director.

Mr D. A. Orchard has been appointed sales director of STAG PLASTICS and Mr D. J. Totman becomes marketing director.

Mr Michael Hollands has been elected chairman of the Birmingham Stock Exchange. He has been deputy chairman for the past two years, and is a partner in the stockbroking firm of Murray & Co. Mr Hollands succeeds Mr D. C. Waless. Mr Terry Brewster has been elected chairman of the Midland & London Stock Exchange. He was previously succeeded as deputy chairman by Mr C. V. Dibb. Mr Brewster is a partner with Roy James & Co.

Mr W. Jeffrey Benson, deputy chairman of National Westminster Bank, is the new chairman of the INSTITUTE OF BANKERS and chairman of its governing council. He has been a member of the Institute's council since 1976, and its deputy chairman since October 1982. He is also chairman of the Export Guarantees Advisory Council. He has been deputy chairman of NatWest since January this year.

Leisure Activities Group, IPC Magazines, has appointed Mr Frank Farmer as assistant managing director.

**CONTRACTS**

## British Telecom places £29m order with STC

STANDARD TELEPHONES AND CABLES has received a third order from British Telecom, worth £29 million, to supply the Cheetah teleprinter and associated equipment. Orders from BT for the new telex terminals now total more than £50m since the first contract was placed 15 months ago.

DIGITAL MICROSYSTEMS has received an order from British Telecom for 96 HINETCOM systems worth £1.5m.

NEWMAN ELECTRIC MOTORS, Bristol, has been awarded a contract worth over £5.2m for irrigation pump drives for the Middle East. Nearly 4,000 motors, ranging in size from 1.5 to 150 kW, are to be supplied during 1983 by an overseas subsidiary of the Skipton Group. Reading, by agents in a number of irrigation projects in the Middle East requiring deep-well turbine pumps.

WELDMITE ENGINEERING has won contracts worth £1.97m: a contract worth £400,000 for two 180 ft diameter by 20 ft high storage tanks to be built for the Property Services Agency in East Anglia has been placed by the main contractor, Central Construction. Pipework and steelwork for Jarvis B. Webb, Luton, on site at Vauxhall Motors, Ellesmere Port worth £270,000. Pipework and steelwork supports for Gelatine Products, Lancashire, worth about £150,000. Three year term contract for the Property Services Agency at Weatherfield air base, about £150,000 per year. Weldmite International, Sharpen storage tanks and associated pipework for Bovis International, South Yemen, worth about £1m.

RASHLEIGH PHIPPS ELECTRICAL has won contracts worth over £2m. At British Telecom headquarters in Reading, the company is refurbishing the electrical installation for Eagle Star Properties. Main contractor is Bernard Stanley & Sons, in Nottingham; electrical services are to be in operation early 1985.

having retired as group chief executive at the end of 1982. He is also a member of the board of the National Bank of North America. Mr W. A. Black, a managing director of Baring Brothers & Co., has been elected as executive director of the engineering division; Mr Guy Jenkins becomes finance director and executive director (accounts division); Mr Graham becomes production director.

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W. E. CHIVERS AND SONS has been awarded two contracts worth over £1.8m. Work has started at Heston, on construction of a residential almshouse complex comprising 38 old people's flats, a warden's house and communal facilities for the Hunt and Almshouse Charities of the Skinners Company, cost £764,000. At Egham, Surrey, an extension to the telephone exchange (comprising an additional floor on the roof of the existing building), with a contract value of £851,000, is being undertaken for the DoE/PSA.

HEAD WRIGHTSON TEESDALE, a Davy Corp. company, has an order worth about £1.25m for the mechanical design, manufacture and delivery of a nitric acid absorption column and pumpset. Basingstoke, main contractor for a 330,000 tonnes a year nitric acid plant at Billingham for ICI's Agricultural Division, 75 per cent of the cost of the £30m project will be spent in the UK. The column will be delivered from Head Wrightson Teesdale works at Thurnby in March 1984. The new plant is scheduled to be in operation early 1985.

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## ENERGY REVIEW

First cracks are beginning to appear in the price structure

# The oil industry enters the dog day—and Opec has lost its bite

**THE FIRST** cracks are beginning to appear in the oil price structure carefully put together by the Organisation of Petroleum Exporting Countries.

Prices on the free-trading spot market have been slipping. This reflects nervousness among traders.

According to one London oil analyst: "We are at the witching hour—the time when seasonal demand is at its lowest, and when oil companies have not yet started to build stocks for the (northern) winter."

So the spot price of North Sea Forties crude dropped to about \$20 (£12.60) a barrel this week, compared with about \$20.70 at the beginning of this month. On this basis, refiners could obtain spot-market cargoes of Forties oil about 75 cents a barrel cheaper than the contract rate specified by British National Oil Corporation (Bnoc).

On the International Petroleum Exchange in London, the futures price for June deliveries of gas oil dropped to about \$23.40

**Traders' unease stems from the market conditions already causing problems**

a tonne, from more than \$240 in early May. On this basis, the value of crude oil—as seen by gas-oil traders—is now about \$27.35 a barrel for the Arab Light grade, rather than the official Opec rate of \$28.

The traders' unease stems mainly from a continuation of the market conditions which had already caused problems this year. World demand remains weak and is likely to do so for several more months before any sign of an upturn.

A new report from the U.S. stockbroker, Merrill Lynch, Pierce, Fenner and Smith, suggests that demand in the non-Communist world will be 42.9m barrels a day (b/d) during the present April-June quarter, 4.4 per cent less than the depressed level of the first quarter. Average demand for the year as a whole is expected to be 44.5m b/d, slightly less than that of last year and almost 15 per cent

**Ray Dafter** reports on a slippage in oil prices as the onset of northern summer cuts demand

less than the 1979 record.

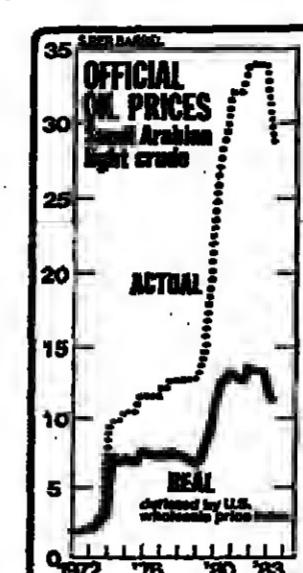
The same sort of picture is emerging in the UK, where recent sales of petrol are insufficient to stem the overall decline in oil demand for production.

Production outside Opec is continuing to rise, with North Sea output prominent. Mr. Nigel Lawson, the Energy Secretary, has tried to play down the impact of this production by forecasting that UK output this year will be no higher than the 2.1m b/d average of last year. Oil companies and City analysts are puzzled, because they expect new fields to add production this year.

Offshore production is also increasing in other northern European countries to the extent that Petroleum Intelligence Weekly estimates that total North Sea production (including that of Norway, Denmark and the Netherlands) could be 3.4m b/d by the end of the year—700,000 b/d more than the 1982 average.

Thus Opec remains trapped between depressed demand and growing competition from other producers. The members of the Organisation of Arab Petroleum Exporting Countries (Oapec) provide a pointer to the problem. That organisation has just reported that its members experienced a \$47.2bn decline in oil revenues last year, compared with 1981. This year, the cut was expected to be even deeper—a further \$23.36bn.

Yet, in spite of all this, Opec seems determined to hang on to its hard-won price structure through the present difficulty. Even Iran, which has not been renowned as an Opec team player, seems to have been doing its bit for price stability by vehemently denying rumours propagated in the U.S.—that it has been offering crude to its contract customers at a discount.



further 25 cents a barrel from June 1.

There have been other pointers towards price stability. The Oasis Group (Continental Oil, Marathon and Amerada Hess) has now dropped its opposition to Libya's official price levels and agreed to resume its liftings there. In the same vein, customers of State-owned Bnoc have agreed to extend their provisional North Sea price agreements, based on a reference of \$29.75.

So far, Opec has maintained an unexpected degree of self-discipline and, as one goes by, the chances of a unilateral price cut seem to diminish. Towards the end of the year, Opec could well see demand for its oil rising to between 18m and 20m b/d.

The increase would arise partly because of seasonal factors—the onset of autumn in the northern hemisphere traditionally provokes greater oil sales—and partly through exchange of stock policy by major

According to Mr. Richard McNamara, deputy secretary of the U.S. Treasury, Iran is but one of two Opec countries operating outside the organisation's price agreement. Speaking on Tuesday, he would say only, "look to Rotterdam"—a broad hint that the spot market was being used to circumvent the price accord.

The oil business in general—even Opec—is surprised at the way international prices have held up. When the organisation's ministers met in London in mid-March, there was a strong chance that prices would fall to unknown levels.

The unprecedented slump in energy demand had severely weakened Opec's influence to a point where member countries were producing only 14.5m barrels a day, less than half their joint capacity.

In the event, the ministers agreed to cut \$5 from their previous reference price of \$34 a barrel and, perhaps more significantly, to apply strict controls of output within an Opec limit of 17.5m b/d.

While watching spot market movements with a good deal of apprehension, Opec can take heart from the stance on prices by the Soviet Union and Egypt. Both countries, not members of Opec, recently raised contract prices by 50 cents a barrel. This week came news that Egypt was to raise the price of two of its three types of crude by a

oil corporations. This year, global inventories had been undergoing reduction at a rate of 3m to 4m b/d, but this destocking appears to be ending.

It is likely, though, that this seasonal acceleration of sales would serve merely to undermine Opec's present price structure. Any attempt to raise prices would seem to be futile, given the continuing general depression of the oil market. That is likely to persist for at least the next couple of years.

This is not to say oil is now cheap and likely to stay so. The fuel remains expensive. In monetary terms, present prices are still double what they were four years ago; in real terms, they are 53 per cent greater.

This was a point made by Mr. Donald Hodel, the U.S. Energy Secretary, when he visited London last week. "When they stop hitting you over the head with a hammer, it feels marvellous."

## APPOINTMENTS

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F.T. Masterfiles are practical tools of management for effective use, designed to keep each individual user a step ahead in his own particular field.

## PROJECT FINANCING

Written by Christopher Emerson, a senior international manager with one of the world's largest banks, PROJECT FINANCING is a step-by-step explanation from project initiation to operation, for sponsors, potential investors, bankers, suppliers, purchasers, contractors and financial and legal advisers. It sets out the methods and concepts applicable and outlines the project structuring, financial packaging, planning, tendering, procurement and implementation activities involved in establishing any major industrial project.

Price: UK £16.50. Overseas £17.50

## ECONOMIC FORECASTS

Written by Giles Kearing, the head of financial forecasting at London Business School Centre for Economic Forecasting, ECONOMIC FORECASTS unravels a technical subject of great potential use in business planning and appraisal. It describes the

regular forecasting services in the UK, and how to get access to them; explains why and how forecasts differ; shows how forecasts should be selected and interpreted; sets out in detail what macro-economic forecasts mean at the level of day-to-day business; and has a special section on errors and the use of alternative scenarios for medium-term forecasts.

Price: UK £21.50. Overseas £22.50

Publication Date: 29 March 1983.

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**BUSINESS LAW**

## The shaky legal framework of big deals

BY A. H. HERMANN, LEGAL CORRESPONDENT, RECENTLY IN VENICE

THE SEMINAR on The Legal Framework of Major International Projects\* took place last week in Venice; in the same hotel on Lido where the Devil in Venice was filmed—opulent decadence was the buzzword. It rained most of the time, but towards the end the sun came through. In other words, the setting was perfect for discussing the crumbling legal framework of grandiose deals.

One of the many consulting engineers present, Sig Valerio La Pergola, summed up his views with a quote from Henry V: "Let's kill all the lawyers." It did not come to that, as evidenced by my ability to write this report. The lawyers were saved by sheer numbers and, perhaps, by the consulting engineers' lingering fear that if the worst comes to the worst they might need them after all.

Much of the contractors' troubles, it would seem, originate in the habit of calling in the lawyer only when things go wrong. In the euphoria of the newly clinched deal, suppliers of multi-million pounds worth of plant often tend to see the lawyer as a spoilsport; they are unwilling to jeopardise the big deal by precautionary clauses which might offend the customer.

and to use standard clauses out of their original context may lead to surprising and undesired results.

One of the frequent omissions seems to be the lack of provision for a "break-in period" between delivery of the plant and the time it functions properly. Good contracts provide for such a commissioning period during which any bugs in the system can be removed, but sometimes the marketing man believes his own sales talk and prevails with the help of an over-optimistic engineer. The result is that the guaranteed period starts from the date of actual delivery, which may be bad for both parties. If the buyer then asks for a performance test during the actual period, the seller can be in real trouble.

The traditional industrial guarantees clauses—for repairing or replacing faulty parts of plant during the guarantee period—do not take into account that in large projects of this type the buyer often takes an important part in developing the technology. The guarantee clause should, therefore, exclude the seller's responsibility for things done at the request of the buyer.

the general rules applying to the sale of goods are hardly suitable for complex deals which have a life of their own in which the original contract, like a marriage contract, is about things future and largely unforeseeable.

The task of those drafting the contract is to get away from the unsuitable general rules or, at least, to revise them. There are no adequate standard solu-

tions. Both the industrial and the performance guarantees require more specific provisions than are usual in standard contracts, and this applies with even greater force when the deal involves novel technology. There is need for detailed assignment of responsibilities during the break-in period, for detailed provisions for the test run and for a precise description of the measuring and weighing procedures and instruments. It is, apparently, not always realised how extremely valuable a formulated guarantee can be narrowed down by the technical conditions of the test. This is particularly important when dealing with state traders whose officials are not allowed or willing to depart from the authorised text of the main contract. One of the lessons of the conference seems to be that most guarantee clauses in current use are inadequate and risk creating conflicts.

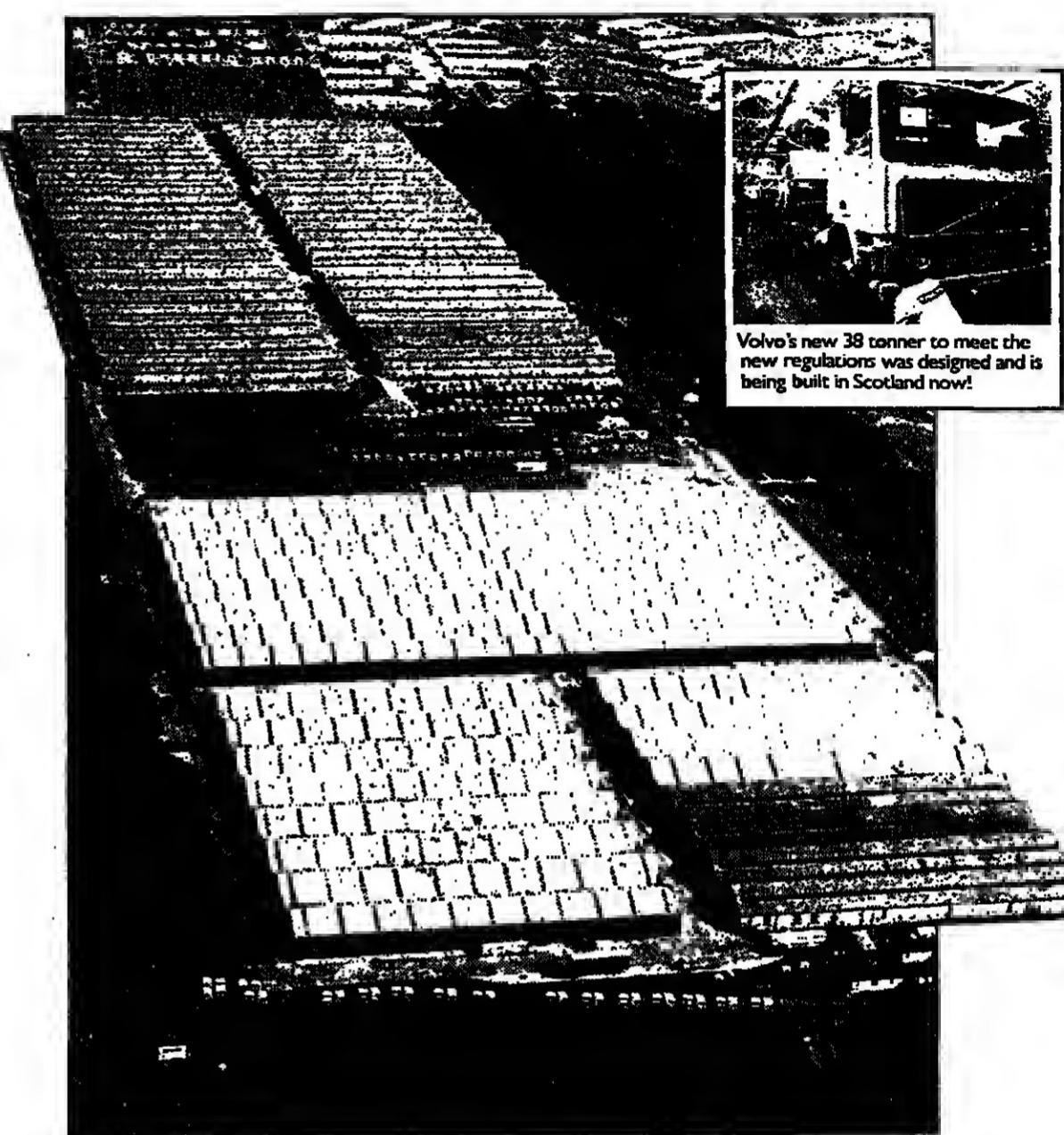
Consulting engineers are willing to admit the usefulness of lawyers when drafting the contract but tend to consider them as quite useless in the many disputes, small and big, potential or actual, which emerge during the life of the contract, often as a result of unforeseen circumstances—geographical or political, bad weather, or human error, or simply resulting from the "quite normal" delays.

One of the novel devices for smoothing the performance of the contract is the institution of a claims review board. The seller and the buyer each appoint one member, but this also has to have the approval of the other party. The two members agree on a chairman. All three members of the board are expected to serve for at least a year and to give three months' notice if they do not wish to continue beyond that.

The review board receives complete documentation of the project and visits the site at regular intervals, say three times a year for a week. As its arrival is not necessarily the sign of a major dispute, it does

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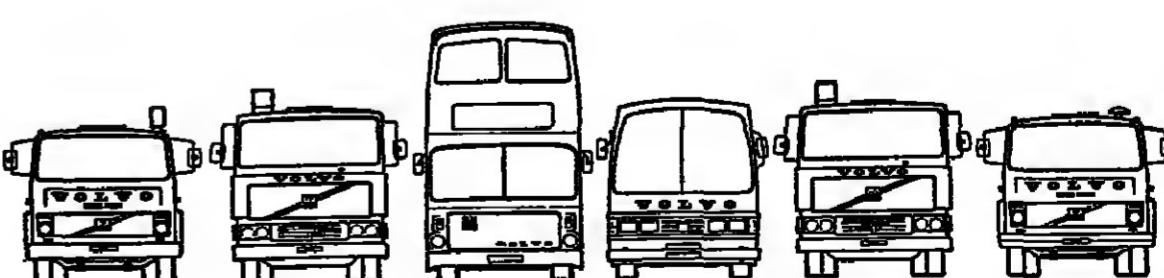
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## TECHNOLOGY

EDITED BY ALAN CANE

ELECTRONIC OFFICE SYSTEM FOR LESS THAN £10,000

**Xionics 'Micronode' for smaller users**

BY ALAN CANE

THE CUSTOMER at the presentation was polite but sceptical. "You would appear, Mr Bevan, to have accomplished by investing £1.5m what other companies have failed to achieve by spending over £250m. Why should that be?"

The reply was equally polite: "Well, we all work very hard and we don't have any committees."

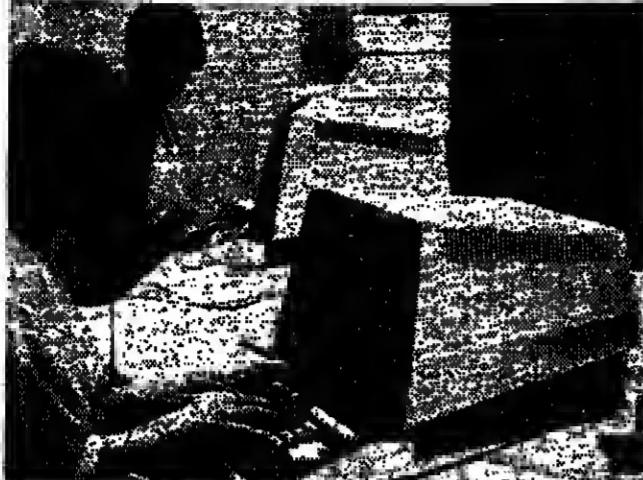
The presentation, earlier this year, was given by Xionics, a small (£1m turnover last year, now breaking even) office automation company which has been preaching the gospel of electronic systems since its formation in 1978.

The product which aroused so much interest and even incredulity was a way of providing electronic office systems for the small department or small company at a fraction of the cost usually associated with word processing, personal computer on the desk, electronic mail, and so on.

## Minimal

Now Xionics and its managing director, Mr Michael Bevan, have formally launched this new system, which they call "Micronode".

According to Mr Bevan, an office could install a minimal system for under £10,000. The largest system would cost around £25,000.



An Xionics Micronode system in use.

What gives Xionics and Mr Bevan added credibility for their claims is the powerful list of well-known companies which have worked with Xionics in the development of its electronic office products. This includes BE, Scottish Gas, Allied Breweries, ICI, Cadet Gas, and Littlewoods, Oh, and the Cabinet Office!

And if further evidence of the integrity of the company was needed, last week Smith's Industries bought 95 per cent of Xionics for an undisclosed fee but which could run into "many millions" according to Mr Bevan: "The exact price is dependent on a complicated formula linked to performance over the next three years. Smith's is putting in an immediate £1m to set up a marketing operation."

The basic product is a way of linking a series of local work stations together with mainframe computers, viewdata systems, and the telex so that they can all share information, carry out data processing, and pass messages between themselves and to the telex network. Xionics calls this the Xbus system. ICI's Mond division has such a system.

## Headquarters

Mr Bevan says: "Assume an ICI agent in India or East Africa requests a quotation for certain chemicals. The message comes into headquarters over the telex, from where it is directed to the work station of the sales executive."

## Facilities

"Finally, armed with the necessary information, the executive can compose a telex reply on the workstation screen and send it on its way using the electronic mail system."

This is the way in which electronic offices should work and Xionics is certainly not alone in providing these facilities. But everyone agrees that major office automation so far has been only for the large company which can afford the substantial investment involved.

Now Xionics claims to be able to provide all the facilities available on its Xbus system (and Mike Bevan says there are more than 200 different kinds of facility available) while keeping the cost down to what a small department or company can afford.

Xionics worked on the basis of the "work group" a piece

of automated office jargon which is rapidly gaining credibility among the more advanced workers in the field.

It means a small group of workers with a common purpose — examples include the market department, training department, management services, purchasing and materials control.

What Xionics offers to these groups is from two to eight multifunction workstations linked to a central processor and filestore, the XNode.

Each work station offers for a price of about £2,000—electronic filing and retrieval, electronic mail, word processing, personal computing, records processing and administration.

Two workstations, a Micro-Node and a printer cost about £10,000. Eight workstations and 20 megabytes of disc storage

work out at about £25,000. The system can be linked to a Xbus ring through a special interface for large companies where a number of departments might each run a separate Micronode system all linked through Xbus.

Potential customers for Micronode include the Midland Bank and the Greater London Council (which has already installed one of the largest office automation systems based on Xbus).

The signs are that after a long delay the market for automated office systems is beginning to grow in earnest (see, for example this page May 9 1983). Only cost is holding some customers back and XNode could be the answer. Some even say that Xionics could be another Sinclair.

Xionics is on 01-834 0105.

## PHOTOGRAPHY

**Electronic storage method for 35mm Polarochrome**

BY GEOFFREY CHARLISH

INFORMATION FROM Polaroid's Wellesley, Massachusetts headquarters indicates that the company is developing processes that will allow exposed Polarochrome 35 mm slides to be electronically digitised into about 4m picture elements and held in storage.

The information can then be used to operate a laser printing device to produce a big 10 x 8 in print.

The idea would be to store photographic collections for viewing at any time on a television screen, a simple matter technically since the image can be instantaneously taken from store and used to form a still faster image on the screen. But by just pressing a button the user would be able to get a high quality print.

Polaroid says it will introduce a compact low priced software.

ware-driven "videoprinter" that will also allow the user to produce computer generated graphics on a variety of Polaroid colour films.

The system is to be called Polaroid Palette and will be able to produce business graphics in up to 72 colours in conjunction with personal computers on 35 mm Polarochrome autopress slides. 3.25 x 4.25 and 4 x 5 in film.

J. K. Lasers of Rugby has added a computer-controlled laser drilling machine to the Bristol arsenal which the company believes is a breakthrough in the use of lasers to bore the myriads of tiny cooling holes needed in those parts of the engine that have to work at very high temperatures.

Now drilling very small, deep holes is difficult using conventional mechanical techniques.

Most manufacturers have used electro-discharge machining — slow when compared to laser technology but providing a quality of finish that seemed unobtainable using lasers.

J. K. Lasers made its break-

through by abandoning direct percussive drilling in favour of trepanning technique where the laser beam is tightly focussed on a smaller hole than the diameter of the hole and then used, effectively as a fine cutting tool, to cut the profile of the hole required.

JK says: "Immediately it was apparent that holes produced in this way set a new quality standard for laser drilled parts."

The Rolls-Royce user was a 300 watt Nd:YAG system with computer numerical control of five independent axes of movement. The machine was required to provide movements of up to 0.8m; tooling weighing up to 100 kg had to be moved over these distances with an accuracy of a few tenths of microns.

Now JK is negotiating orders for similar machines costing £200,000 to £300,000 each with major aerospace companies worldwide.



## Communications

**Mobile system**

AIMED AT the emergency services, security organisations, the fuel and power industries is a new mobile radio system from Pyle Telecommunications of Cambridge (0223 61222).

Known as the MK 200, the equipment has direct dialling in both directions, providing fully automatic interconnection from vehicle to vehicle and from a vehicle to PABX subscribers. The units have keypad entry and display of the selected subscriber's number. Paging and short-term memory are also available.

The standard version offers up to 16 channels but other versions can provide 40, 80 or 250, in single or two frequency simplex operation.

Fast customer frequency programming is achieved by means of a plug-in PROM (programmable read-only memory).

## Hazards

**Miniature fuse**

A SUB-MINIATURE fuse designed to work in hazardous environments has been launched by Littlefuse of Washington, Tyne and Wear. The company says that the component has been built to standards where intrinsic safety equipment needs to be used in dangerous environments.

Designated the Safe-T-Pies series 250 they have applications in gas plants, petrochemical and processing industries. More information on the range is available on 0533 462473.

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## THE PROPERTY MARKET BY WILLIAM COCHRANE

### Unit trusts see an end to outflow

**THE DOG** days of the property unit trusts may be almost over. A round robin organised by the movement's management committee this week concluded that there were now "obvious signs of recovery" in the market.

The committee's chairman, John Newman of the Fleming Property Unit Trust, said that the straw poll—covering only six trusts out of 30—but including the "Big Three" of Fleming, Pension Fund Property Unit Trust ("PFPUT") and Lazard—showed a positive cash flow from some funds while others said that last year's outflow of funds had been stemmed.

This comes after 18 months of increasingly miserable sales figures, which finally showed net inflow down to only £4m in 1982 after £211m in 1981, and culminated with the merger of the Property Unit Trust Group (including PFPUT) with the property management interests of investment bankers Morgan Grenfell.

Now, says Newman, "we believe that the heavy redemptions of last year are behind us." He reckons that the substantial rise in gilt and equity markets have made them infinitely less attractive than they were. The same applies to U.S. investment markets since the fall in sterling, says Mr Newman.

"With rental growth prospects better than they were,"

says Newman, "the funds are now likely to top up." For Fleming itself cash flow is "positive but still only a dribble; by September, we could see a substantial improvement."

There would be rough justice in that. One of the unfortunate characteristics of some unit trusts is the ease with which investors can get out. Property, it bears repeating, is an illiquid business, and one which is slow to move its valuation bases.

So at a time when other investment media looked better, said Newman, the funds took the strain. "But" he notes, "it is even easier to get in than it is to get out"; so if some funds want to switch back hurriedly into property, the movement would be an obvious beneficiary.

Cecil Baker of PFPUT says it is too early to be complacent. But withdrawals have nearly dried up after a year in which the fund had to sell between 7 and 8 per cent of its portfolio to maintain its liquidity ratio.

For Lazarus Roberts sees a small positive inflow after an outflow in the year to March 31. He says that they have been managing the fund very well, with the result that the unit price had only fallen by 2% within a figure of over £2,000 in a bad year. "Maybe that will make the pension funds take notice," he says.

### AT & T charity sale

AMERICAN Telephone and Telegraph (AT & T), the huge U.S. telecommunications group,

has agreed to sell its 26-storey New York city headquarters building which it has occupied for the past 67 years.

AT & T is due to move into its new \$300m headquarters building nearing completion at 550 Madison Avenue later this year.

The telecommunications company is selling its old building in lower Manhattan at 195 Broadway to H. J. Kallkow and Company, a family owned property group. The property company has recently been diversifying its primarily residential property portfolio to include office buildings.

Terms of the deal have not been announced, however it is understood to be worth about \$60m. AT & T is also selling two smaller buildings on the same block to All Purpose Business Corporation lifting the total value of the property deals to over \$75m.

The telecommunications company intends to use the proceeds of the sale to set up a philanthropic foundation to make donations to "charitable, scientific, cultural, civic and educational grants" starting in 1984.

The headquarters sale is expected to close in 60 to 90 days.

PAUL TAYLOR

### Midland gets £23m

**M**ARKET SOURCES put a price in excess of £23m on the Midland Bank Pension Trust's sale of its freehold 130,000 sq ft Griffin Building office scheme at Bromley, Kent to the Bank of America.

Bank America plans to relocate about 500 of its London staff from various sites in Central London in the 10-storey building, whose development was managed by JLW Project Services and completed at the end of 1981.

• DCI chairman Allan Campbell Fraser says that his firm has had building society interest in funding the film residential content of his £3m plus development at the former Grant store at North Bridge, Edinburgh. The scheme is close to the Law Courts which should provide a market for the 44 luxurious city centre apartments involved in the development.

• Butterfield Harvey has sold its new freehold 66,000 single storey industrial development at Eaton Socon, Cambridgeshire, for around £1.2m. Purchaser was Wilkes (UK) Developments, which has let all of the buildings on the seven acre site to Tens Homecare, for use as a distribution centre. Henry Butcher and Kinsley Dilley and Handley acted for Butterfield.

• Healey & Baker has bought the former F. W. Woolworth store at 45 High Street, Brentwood for Marks & Spencer. M & S, in turn, is selling its existing store at 16/18 High

Street—frontage 68 ft, 18,000 sq ft of floor space on two levels—and some 22m is expected for the freehold.

Street—frontage 68 ft, 18,000 sq ft of floor space on two levels—and some 22m is expected for the freehold.

• British Steel has sold its 22,000 sq ft Parkway headquarters and research complex, on a 60-acre site at Lodge Lane, Middlebrough, to Cleveland County Council for £2m. It will be used as the new HQ of the Cleveland County Police.

Weatherslade and Storey Sons and Parker were joint agents for ESC. Meanwhile, Weatherslade's 1983 property report forecasts a further increase in initial investment property yields, but implies a turning of the tide with renewed interest in property from the institutions from the middle to the end of the year.

• Prime freehold shops maintain their investment attraction according to Elliott Son and Soyon, which has bought a small shop at 29 Petty Cury in the heart of Cambridge for the United Kingdom Civil Service Benefit Society, the price of nearly £250,000 reflecting an initial yield of 3½ per cent.

• Equity & Law, represented by the Frankfurt office of Weatherall Green & Smith, has completed the purchase of Calverstrane 13 in Scotland's main banking area. Price for the 4,250 sq ft building is close to DM 2m (£780,000) for an initial yield of around 5½ per cent.

• VALPAC is available from the PR Department, The Philip Rose Foundation, ISVA, 3 Cadogan Gate, London SW1X 8AS. Proceeds will go to two charities, the Royal School for the Blind and the Philip Rose Foundation which provides research funds for the improvement of valuation techniques.

### New system for tired valuers

JACK ROSE, chairman of Land Investors and author of the property profession's bible "Construction of Valuation Tables," has now brought a touch of high technology to what some regard as the art rather than the science of the County Police.

Mr Rose has produced a new kit which with the aid of a microchip is able to transform a standard businessman's calculator for use by the property valuer.

The VALPAC kit costing £150 and which comes complete with a 164 page manual is designed to work in conjunction with the Hewlett Packard 41 C calculator, which sells at most office equipment suppliers for around £140.

The key to Rose's ingenious system stored on a microchip which can easily install the calculation of a keyboard overlay which adapts the face of the calculator to its new use.

The VALPAC kit together with calculator and print out facility is designed to fit into a brief case.

VALPAC is available from the PR Department, The Philip Rose Foundation, ISVA, 3 Cadogan Gate, London SW1X 8AS. Proceeds will go to two charities, the Royal School for the Blind and the Philip Rose Foundation which provides research funds for the improvement of valuation techniques.

### Professionals look at collectivity

AT LEAST one clearing bank is considering offering customers an integrated package of professional services which could include banking, accountancy, legal, property surveying and auditing services according to Sir Douglas Morpeth speaking at a seminar organised this week by Jones Lang Wootton.

Sir John Earing, chairman of Baring Bros and a Bank of England director, says that the complexities of tax laws had already led to "considerable overlap" between accountants and lawyers. Similar overlaps existed between chartered surveyors and the legal profession due to the complexities of planning legislation.

Mr Richard Luff, president of the Royal Institution of Chartered Surveyors, said that he believed that clients preferred to exercise individual choice when employing an architect or valuation surveyor. He was also concerned that there should not be a concentration of power with diversified practices tied too closely to the interests of large financial institutions.

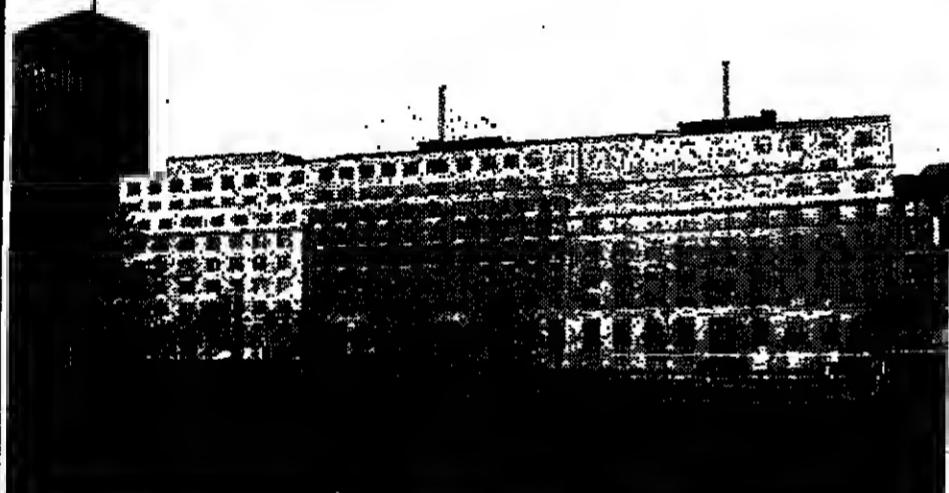
Harry Sparks, a partner with stockbrokers Phillips & Drew, forecast that there will be "more direct integration of the investment divisions of leading chartered surveyors with investment management houses, including those associated with stockbrokers."

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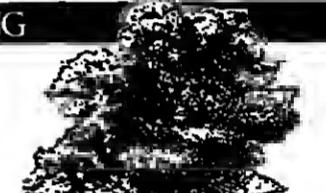
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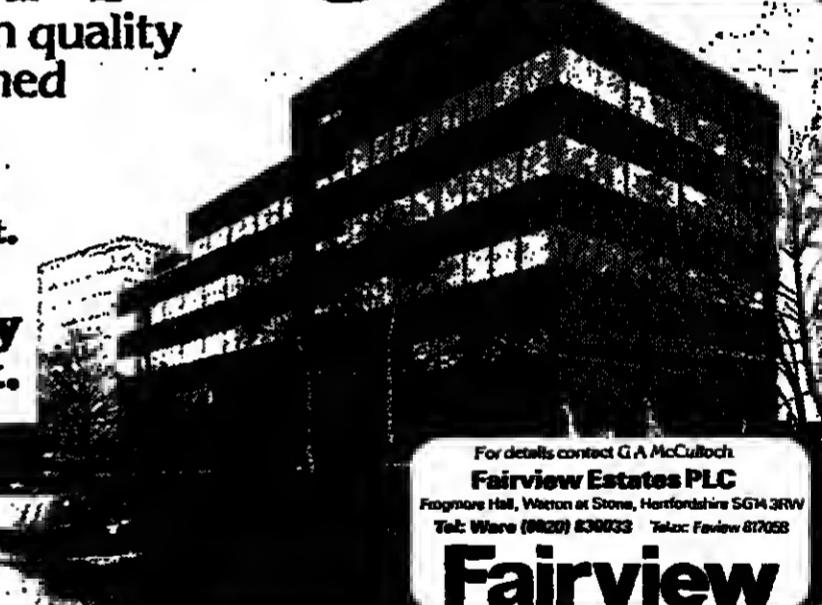
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£130,000 freehold

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**Theatre****NEW YORK**

Showboat (Gershwin): A clever pastiche of vaudeville and theatre works like magic in the story of life on the Cotton Blossom where shows plied the Mississippi and provided unrivaled entertainment, especially with the production's original feature performances giving heartfelt renditions of the 1927 Kern-Hart masterpiece songs like Of Man River, Bill, and Life Upon the Wicked Stage. (51st St., Broadway. \$5-\$15)

Duet for One (Stonelabour): Eva Marie Saint brings to New York her starring role as the stricken concert performer facing her psychiatrist in Tom Karpinski's theatre a cold (2437804).

Brigadoon (Broadway): As usual, Neil Simon is more funny than touching even when recalling painful puberty in 1937 as his family struggles with the Depression, with an excellent cast led by Matthew Broderick as the aspiring teenage writer. (5784604)

A View from the Bridge (Ambassador): Broadway and Arthur Miller finally have a hit for the new year - Arvin Brown's mucky but true revival of the melodrama of forbidden love in New York dockland. Tony LaBianco may reach the full pitch of contrived despair too soon, but audiences love the score, even an Italian accom. (2384204).

Amadeus (Guthrie): David Dukes stars as Salieri in the award-winning and elegant National Theatre production of Mozart's life. (2474722).

Ages of Gold (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Carrie Fisher deliver a somewhat over-written clash of ideologies. (2464636).

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice is a lively and imaginative rendition directed by Tony Tanner. (2455760).

**WASHINGTON**

Buried Child (Kreeger): Vintage Sam Shepard, a 1979 Pulitzer Prize winner, recounts a family reunion in which the returning son is not remembered by the rest of the family and garbage ends up on the floor. (Arena. \$45-\$30).

Peggy & Bess (Opera House): This 50th anniversary production of Gershwin's classic American opera does justice to the music and sense of community established in Porgy's desperate love for Bess in their squashed Caribbean lives. Kennedy Center (2543770).

Boat Service (Eisenhower): Made famous by the Marx Brothers movie, this 1937 farce starring Hal Linden can stand on its own with the ribald story of an impoverished producer whose troupe is stranded with a thief. Love is a key factor. (2437804).

**CHICAGO**

The Dining Room (Goodman. 200 S. Columbus Dr.): A. E. Gurney Jr.'s vision is confined by four walls, the tour walls of middle-class New England family as it changes with its inhabitants. (4433800).

Red River (Geffman Mainstage): Robert Wuhl directs David Mamet's update of Tennessee Williams' presentation on the rise of Bulgakov and Mayakovsky as the two Soviet writers struggle for their lives and work. (4433800).

The Roaring Girl (Barbican): Jacobean comedy by Middleton and Dekker with Helen Mirren as the sly young vagabond in a spirited production by Barry Kyle now playing in tandem with last year's The Taming of the Shrew from Stratford-upon-Avon. (6228795).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angéla Brazil novels: gym slips, some unlooked-for singing talents as well. (2222222).

**Exhibitions****WEST GERMANY**

Berlin, Nationalgalerie, Postdamer Straße: Werner Krauss, a contemporary German artist, tries to come to grips with death in paintings and drawings. Ends June 5.

Bremen, Kunsthalle, Am Wall: 207 paintings, gouaches, water colours and drawings by Horst Antes, a German painter. Ends June 5.

Hamburg, Kunstmuseum, Glockengiesserstrasse: Premiums and fear of death, depicted by eight contemporary German artists. Ferdinand Hodler, the Swiss artist, and Edward Munch. Ends June 5.

Hanover, Kunstmuseum, Unt-Schwartzen-Platz: Paintings, sculpture and drawings by Umberto Boccioni, the Italian futurist painter. Ends June 12.

Münich, Haus der Kunst, Prinzregentenstrasse: Contemporary West German painters and sculptors. Ends July 10.

Cologne, Wallraf-Richartz-Museum, An der Rechtschule: Irish art of three thousand years comprises virtually all Irish national treasures on loan from the Trinity College Dublin and Irish Academy of Sciences. Manuscripts, reliques of Irish Saints and utensils from the workshop of Irish monasteries; silverware and gold and silver jewellery. Ends June 5.

Münich, Mittelrheinisches Landesmuseum: 49 Bleicherleichter honour of the year's 500th anniversary of Martin Luther's birth, the museum is showing original drafts, documents, models and photographs recording the conception and realization of a number of public monuments to the great reformer in the 19th century. Closes at the end of May.

**ITALY**

Milan, Santa Maria delle Grazie: Pre-Raphaelite watercolours including unsigned works dated 1860-1920 by Dante Gabriel Rossetti's brother, members as part of the Britain Shows at the New York Festival. Ends July 3. (59th & 5th Av.).

Berlin, Nationalgalerie, Postdamer Straße: Werner Krauss, a contemporary German artist, tries to come to grips with death in paintings and drawings. Ends June 5.

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Hanover, Kunstmuseum, Unt-Schwartzen-Platz: Paintings, sculpture and drawings by Umberto Boccioni, the Italian futurist painter. Ends June 12.

Pierpoint Morgan Library: To the beautiful fin-de-siècle setting of a New York photocall's home comes the loan of Holbein's portrait of Henry VIII and his court, borrowed from Windsor castle as part of the Britain Shows New York celebration. Ends July 30. (30th and Madison Av.)

**CHICAGO**

Chicago International Art Expo (Navy Pier): Though it lasts barely a long weekend, this annual event covers a lot of ground, including one-man shows by Nicholas Albrecht and Milton Avery, with works from seven West German galleries, large sculptures by Frenchmen Bernard Pages, Eleuterio Martin and Ispagnolle, and representative pieces from 116 galleries.

Field Museum: Early twentieth-century photographer Edward Curtis is featured in *The Vanishing Race And Other Illusions*, showing 120 photos of American Indians with artifacts used at that time for developing, engraving and touching. Ends July 21.

**BRUSSELS**

Palais des Beaux Arts: Venetian drawing of the 18th century, Tiepolo, Plaza, Piranesi, Guardi, Canaletto, Société Générale de Banque: 100 years of glass in Europe. Ends May 30.

Milan, Galleria 32, Via Brera 8: About 60 drawings by the German saint George Gross done between 1914 and the 1950s. Ends June 26.

Venice, Museo Correr: Engravings by 18th century Venetian artists from Cartariello to Tiepolo. Ends June 3.

**LONDON**

The Tate Gallery: The Essential Cubism is a wonderfully particular and illuminating exhibition by Douglas Cooper and Gary Tinterow, with the choicer examples at every turn, of Cubism in its definitive period from 1907 to 1920. Braque and Picasso dominate the show, and as prominent are the other cubists as those should. But their relation to their immediate associates and followers is made clear - Gris the most substantial of them at the time, Leger the most idiosyncratic and independent, Laurens and Lipchitz the sculptors, Delaunay, Marquet, Villon, Gleizes and Metzinger.

Winston Churchill (National Academy of Design): Painting as a pastime includes 60 works borrowed from Chartwell and Churchill family

winter, by Martina d'Amboise and Duell, New York State Theater, Lincoln Center (8705570).

Alvin Ailey American Dance Theatre (City Center): Three local and one company premieres are part of the spring season of a company that has parlayed American gospel, Broadway and classical dance themes into a national institution. (55th St. of 7th Av. 5617907).

Edouard Manet: An exceptional retrospective marks the 100th anniversary of the artist's death including Olympia, The Bar at the Folies-Bergère, Nana and Déjeuner sur l'Herbe. Paintings, which at the time created such a scandal, are now seen as classics in the tradition of Franz Hals and Velazquez, whom Manet revered. Yet at the same time they are a homage to one of the first impressionists and a pioneer of modern art. Grand Palais April 16-August 1. Closed Tue. Late night. Wed 16pm-10pm. (8705418).

**NEW YORK**

Thomas Moore and Cecily Heyen, by Hans Holbein. Loaned by the Queen to the Pierpoint Morgan Library, New York.

**PARIS**

Claude Monet: Homage is paid to his Giverny period with 45 of his paintings, including the nymphs, at the Centre Culturel du Marais, 23 Rue des Francs-Bourgeois (2773225). Closed Tue. Ends July 17th.

Edward Manet: An exceptional retrospective marks the 100th anniversary of the artist's death including Olympia, The Bar at the Folies-Bergère, Nana and Déjeuner sur l'Herbe. Paintings, which at the time created such a scandal, are now seen as classics in the tradition of Franz Hals and Velazquez, whom Manet revered. Yet at the same time they are a homage to one of the first impressionists and a pioneer of modern art. Grand Palais April 16-August 1. Closed Tue. Late night. Wed 16pm-10pm. (8705418).

**WEST GERMANY**

Berlin Deutsche Oper: Der Freischütz has Siegfried Jerusalem in the part of Max and Edda Moser as Agathe. Arabella features Gundula Janowitz and Franz Ferdinand Nentwig. Tosca, sung in Italian, brings together Janis Martin and Giacomo Aranagi. Die Hochzeit des Figaro, a Götterdämmerung produced by the Berliner Staatsoper: Der Barber von Seville with a widely-praised cast headed by David Rendall, is triumphantly revived. Die Wunderburg Schauspieler by Bern Alois Zimmermann, one of Germany's leading contemporary composers, is also revived. Die Hochzeit des Figaro has Judith Beckmann and Harald Stamm in the main parts (331151).

Metropolitan Opera: Umberto Giordano's rarely-played Andrea Chénier, produced by Willy Decker, is premiering this week. Nello Santini conducting. Further Performances are Don Pasquale and Der Freischütz with Siegfried Jerusalem as Max. (2476111).

**CHICAGO**

Barber of Seville (Atheneum): Chicago Opera Theater production, in English, stars Cynthia Muzier as Rosina, Robert Orth as Figaro and Abram Morris as Count Almaviva, with Mark Flint conducting. (2330 N. Southport. 8630555).

English National Opera, Coliseum: The last two performances of the London season are of two well-tried ENO productions - Die Fledermaus, and the perennially fresh Magic Flute with some youthful newcomers, notably Joan Rodgers and Glenn Windle, among the cast. (5617907).

The Next Step (Auditorium Theatre): Dancer and choreographer Carol Stern has an English influence in her work that combines autobiography with homage to American popular arts as well as reflections on such contemporary themes as the Iran-Iraq war. (70 E. Congress, 9232110).

**PARIS**

Les Indes Galantes, Rameau's opera-ballet in a new production conducted by Philippe Herreweghe. Choreography, Véronique Farber. TMP-Châtelet (2611833).

Poulenc's Dialogues Des Carmélites with the role of Blanche de la Force sung by Maria Ewing and that of Madame de Croisy by Régine Crespin alternating with Offenbach's La Belle Helène in a new production conducted by Alan Maidstone at the Opéra Comique (8680311), to four pieces premiered in

**NEW YORK**

New York City Ballet: The season continues under its new director Peter Martins with 40 works from the repertory, ranging from Balanchine's first American work, Serenade (1934), to four pieces premiered in

**VIENNA**

Wiener Staatsoper: Der Fliegende Holländer, Faust, Elektra. Walküre, Die Zauberflöte. Der Zigeunerbaron. (8632657). Der Zigeunerbaron, Die Zauberflöte in a new production conducted by Alan Maidstone at the Opéra Comique (8680311).

**CHICAGO**

Chicago Symphony: Leonard Slatkin conducting. Hanlon, Silkins, Vaughan Williams (Thur). Orchestra Hall (4358122).

**THE ARTS****THE ARTS**

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice is a lively and imaginative rendition directed by Tony Tanner. (2455760).

**WASHINGTON**

Buried Child (Kreeger): Vintage Sam Shepard, a 1979 Pulitzer Prize winner, recounts a family reunion in which the returning son is not remembered by the rest of the family and garbage ends up on the floor. (Arena. \$45-\$30).

E. R. (Organic): 3319 N. Clark: This hit-and-miss local company has a long-running success with an earnest production of Thornton Wilder's much-maligned play about a young doctor, Shiksa Akune as the receptionist and Lily Munster as the authoritarian nurse. (2475585).

**LONDON**

The Rivals (Olivier): Splendid National Theatre revival, cunningly designed by John Gunter to place as in the middle of 18th century Bath. Geraldine McEwan takes a fresh, inquisitive look at Miss Malaprop, Michael Hordern's an unrivaled Sir Anthony. Peter Wood directs. (6222222).

**ST. PAUL**

Tommy Tune's New York production under the direction of Don Amendola, who performed in the New York version. (2540 N. Lincoln, 8550100).

**THEATRE**

Kennedy's Children (Pegasus Playhouse): Robert Patrick's *deadpan* and disconcerting discourse on the youth of the 1960s as reflected through the mirror of a New York bar in 1974 still reverberates in the 80s. (1020 W. Bryn Mawr, 2712838).

**DETROIT**

E. R. (Organic): 3319 N. Clark: This hit-and-miss local company has a long-running success with an earnest production of Thornton Wilder's much-maligned play about a young doctor, Shiksa Akune as the receptionist and Lily Munster as the authoritarian nurse. (2475585).

**THEATRE**

The Real Thing (Strand): Fascinating enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is maintained by Peter Wood. (6222222).

**DETROIT**

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans tour with a title farce is a key factor. (6222222).

**DETROIT**

The Heel Thing (Strand): Fascinating enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is maintained by Peter Wood. (6222222).

**DETROIT**

Android (Star Weeks): The most recent play by John Gunter to place as in the middle of 18th century Bath. Geraldine McEwan takes a fresh, inquisitive look at Miss Malaprop, Michael Hordern's an unrivaled Sir Anthony. Peter Wood directs. (6222222).

**DETROIT**

Honkytonk Man (Honkytonk Man): Robert Patrick's *deadpan* and disconcerting discourse on the youth of the 1960s as reflected through the mirror of a New York bar in 1974 still reverberates in the 80s. (1020 W. Bryn Mawr, 2712838).

**DETROIT**

Bad Boys (Bad Boys): Robert Patrick's *deadpan* and disconcerting discourse on the youth of the 1960s as reflected through the mirror of a New York bar in 1974 still reverberates in the 80s. (1020 W. Bryn Mawr, 2712838).

**DETROIT**

Codenamed: The Soldier (Tenebrae): Robert Patrick's *deadpan* and disconcerting discourse on the youth of the 1960s as reflected through the mirror of a New York bar in 1974 still reverberates in the 80s. (1020 W. Bryn Mawr, 2712838).

**DETROIT**

Tenebrae (Tenebrae): Robert Patrick's *deadpan* and disconcerting discourse on the youth of the 1960s as reflected through the mirror of a New York bar in 1974 still reverberates in the 80s. (1020 W. Bryn Mawr, 2712838).

**DETROIT**

Rehearsal (Tenebrae): Robert Patrick's *deadpan* and disconcerting discourse on the youth of the 1960s as reflected through the mirror of a New York bar in 1974 still reverberates in the 80s. (1020 W. Bryn Mawr, 2712838).

**DETROIT**

## FINANCIAL TIMES

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Friday May 20 1983

# Politics and state industry

MR PATRICK JENKIN, Secretary for Industry, yesterday released the text of his letter to Mr Ian MacGregor, chairman of British Steel, confirming the Government's approval of the corporate plan for 1983-86. Not surprisingly, the letter contained only good news. It included support for four major capital spending schemes, including the modernisation of the Port Talbot hot strip mill.

The letter noted that the corporate plan contained no proposal for a joint venture with an American steel company. The Government presumably has no wish to consider the proposed Ravenscraig Fairless deal (in which the Scottish works would supply semi-finished steel to the U.S. until after the election), even though the arrangement might be thought to fit well with the Tory manifesto commitment to transfer parts of British Steel to the private sector.

Recent Government policy towards steel has been an uneasy compromise between the short-term desire to preserve jobs (especially in Scotland) and the long-term goals of viability and de-nationalisation. Just how this circle is to be squared, given the surplus of world steel capacity, is far from clear, and the Tory manifesto sheds no light on the subject.

### Freedom

It may well be that joint ventures with companies outside the U.K. will provide part of the answer, but this will only happen if the management is given the freedom to make whatever deals may be commercial sense and is not second-guessed by ministers. It is a curious fact that, under a Government apparently dedicated to non-intervention, interference in the running of nationalised industries has been as great as under a Labour Government. Far from being taken out of politics, as ideally they should be, the state corporations have been at the centre of the political debate.

To some extent this reflects the Government's determination to expose monopolies to new sources of competition and to introduce a private sector wherever possible—a process bitterly resisted by some of the nationalised industry chairman. The general direction of Tory policy is certainly right; it is already showing results, as in the response of British Telecom to a more competitive climate. But there is a danger of pursuing changes in structure and ownership for their own sake for political rather than industrial reasons.

A change of ownership does not guarantee an improvement in performance (this is clear

enough in the private sector) and does not necessarily alter the environment in which the enterprise operates. In public utilities, for example, there will be a requirement even after privatisation for some form of regulation; the regulatory framework that is now in place or under consideration is far from satisfactory. To take another example, British Aerospace has been privatised, but the Government is still deeply involved in the planning and financing of new civil airliner projects.

### Objectives

The need in each case is for government to work out a coherent policy and give the management clear objectives. Where there is full agreement between government and enterprise on targets as in British Airways under Sir John King, considerable progress has been made.

Where there is a clash of views, as between British Gas under Sir Denis Roeke and the Energy Department under Mr Nigel Lawson, the result has been confrontation and mutual irritation. Where there is lack of clarity about objectives, as with British Rail, nothing is said with the results.

The Tories are right to argue that commercial success is more likely to be achieved if the enterprise is transferred to the private sector, simply because the scope for political interference is greatly reduced. But so too can privatisation be not feasible for the foreseeable future: it is not helpful to proclaim it even as a long-term plan. There is some force in the plea contained in the SDP-Liberal Alliance manifesto to "get away from the incessant and damaging warfare over the ownership of industry and switch the emphasis to how well it performs."

The Alliance is too reluctant to disturb the present frontiers between public and private sectors (which are simply the accidental result of past political interference), just as the Labour Party is too inclined to preserve the nationalised industries in their present size and shape irrespective of commercial realities. Nevertheless, a greater stress on matching the highest international standards of performance would be in order. That is the context in which performance criteria should be set and monitoring arrangements established—and this applies as much to the public utilities which are not exposed to world competition as to industries like steel or shipbuilding. Competition and privatisation have their parts to play, but they are means to an end, not ends in themselves.

# Canberra gives, but not the unions

FIVE WEEKS after Australia's new prime minister, Mr Bob Hawke, achieved his accord with trade union and business leaders at an "economic summit" in Canberra, his Labor Government has announced its spending programme which, on his side of the bargain, but the signs are that the other side of the deal—the promise of wage restraint—is fast evaporating.

In yesterday's mini-budget the Federal Treasurer announced new job creation programmes involving expenditure of A\$557m (£315.7m), most of them directed at the hard hit housing and construction sectors. The Government is to claw back almost twice this sum by withdrawing federal support for some prestige projects—such as irrigation schemes in Queensland and the railway between Darwin and Alice Springs—and by reducing a number of tax concessions which have been of benefit to the rich.

The net outcome, therefore, is that the Labor Administration has managed to trim more from the public sector deficit in four weeks than the previous Liberal Government was able to achieve in four years.

### Moderation

In spite of this re-allocation of the Government's resources there is no sign of matching gestures from organised labour. The general consensus after the Canberra meeting was that both employers and unions had agreed to a prices and incomes accord in which the establishment of price surveillance authority would counterbalance a return to centralised wage fixing through the Conciliation and Arbitration Commission.

The summit communiqué specifically endorsed wage moderation with the trade unions movement recognising that while the maintenance of real wages is a key objective, in a period of economic crisis now applying, it will be an object

tive over time." Mr Hawke's interpretation of that paragraph, along with that of most other observers, was that the current wage freeze in Australia would continue until the end of the year to be followed by a small increase, probably of the order of 3-4 per cent.

But for the unions the time already seems to be up. The Australian Council of Trade Unions said it would seek

an increase in the centralised system unless the Conciliation and Arbitration Commission provided full quarterly cost of living adjustment from the start of this year. The ACTU president, Mr Cliff Dolan also said uncompromisingly that the unions would settle for nothing less than a wage increase every three months to match price movements.

### Limits

On the other hand Australia's employers have continued to shed labour at a painful rate while also increasing the prices of many manufactured products, particularly consumer durables and motor cars.

After less than three months power the Government is already taking a tougher line on the flows of foreign direct investment into the country. New guidelines on foreign investment and take-overs have not been announced but it appears that property purchases are particularly frowned upon, while the limits to the extent imposed in the mining and resources sector will be extended into services and manufacturing in general.

The Government would do well to examine the Canadian experience after that country's reaction against foreign ownership. But the sentiment is of relatively little importance besides the possibility that the Prime Minister may be unable to deliver the national economic consensus on wages and prices he promised during the election campaign.

### European route

Unity on one issue has broken out among the 81 United Kingdom members of the European Parliament.

In between their labours in Strasbourg for the betterment of Europe they are taking a collective pride that they are now making some impact upon British political life.

Seven of their ranks who did not hold seats in the last Westminster parliament have secured nomination to fight in the current campaign as Conservative Labour candidates.

From the 81 Conservative Euro-MPs a dozen have been

challenging selection and four have been successful. David Harris is standing for Sir John Nott's old safe seat St Ives. Robert Jackson can be confident of being returned for Wantage. John Mark Taylor and Eric Forth are the other two.

Three of the 17 Labour Euro-MPs have found themselves Westminster nominations—Richard Caborn, Roland Boyes, and Allan Rogers.

Rogers is the one with most to smile about. He has been selected as Labour candidate for the Rhondda Valley with a prospect of being returned with the biggest Labour majority in the country.

The British Euro-MPs see all this activity as solid evidence that their European Parliament is becoming a respectable and effective path into the mainstream of British domestic politics.

Those who get to Westminster will lead busy lives for the coming twelve months. They are almost certain to retain dual membership until the European Parliament elections in the summer of 1984.

### Easy payments

The Conservatives are determined to make contributions to their campaign fund as painless as any political donation can be. "Electoral campaign donation?"

"About one question, we can be sure the opinion polls will not have changed their reading by Britain's election day on June 9. People will believe then, as they have done for the past two years, that unemployment is the most important issue facing Britain.

Labour's mistake, or one of them, has been to believe that this sentiment would automatically gain it votes, but to be fair it was the conventional political wisdom on both sides of the house until some time late in 1982 that no Government could win re-election with 3m people out of work and no sign of a change in the trend.

Yet unless the pollsters have been handing out bromides with their questionnaires, that is precisely what is about to happen. In spite of all the grey TV landscapes, the journalistic gabble about blank generations, the social scientific scrutiny of demoralisation and the sheer pathos, Mrs Thatcher has dramatically and astonishingly held her ground.

She has done it, moreover, not only by means of extraneous aids, of which the Falklands factor, opposition disunity and her own image are the three most obvious, but increasingly by means of her own

debate to her opponents, arguing that Britain's unemployment is a function of a distressed world economy and a history of feather-bedding at home which only her own, rigorous policies can permanently set to rights.

This self-confidence has grown as a variety of surveys have shown that only about a quarter of the electorate thinks the Government chiefly to blame for the unemployment crisis, although less than half of those sampled late last year by Marplan and the Economist Intelligence Unit were prepared to exonerate the Government entirely. In the EU poll, however, 47 per cent laid the brunt of blame upon either one or the "world economy."

The early indications in the campaign are that Government confidence is still on the increase. Mr Norman Tebbit, the Employment Secretary, wandered into the inhositable territory of Wales the other day (unemployment rate 16.7 per cent) and commented: "Unemployment is socially acceptable at a higher level when benefits are generous than when they are non-existent." True though this statement may be, it displayed a cool bravado which would have been unthinkable a year ago.

As for the figures: Britain's unemployment rate (adjusted by the OECD to make international comparisons valid as described right) has risen from 5.7 per cent when Mrs Thatcher took office to 13.8 per cent in March. Only Belgium, with a rate of 14.3 per cent, and Spain, 16.6 per cent, are doing worse in Europe.

Britain's problem has also worsened more rapidly than in other countries. In June 1979, Britain's 5.7 per cent was almost level with the 5.6 per cent average in the EEC and lower, for example, than France's 6 per cent. France's unemployment rate has actually been falling slightly since last summer, from 8.1 to 8 per cent, while Britain has added another whole percentage point.

It is true that by choosing highly selective periods, statements like "Germany's unemployment is getting worse more rapidly than ours" can be

made, but they hardly tell the whole story. Germany, through the effectiveness of its youth training system, its far-sighted pension reform strategy and, to a degree, its fortunate cushion of temporary foreign workers, checked its unemployment in the early 1970s.

But the truth is that the Government has been in two minds about these measures, something which has manifested itself in very rapid changes in programme design.

Another Social Democrat country, Austria, succeeded by similar methods and comparable economic success in holding unemployment below 4 per cent.

Sweden, which has eschewed

early retirement, but pursued with some vigour over many years many other employment-maximising devices, has an unemployment rate of 3.4 per cent.

So there is no shortage of

alternatives in the international shop window even if to point them out does not necessarily offer working prescriptions in the British context.

The point is that, aside, Labour would argue, by the prejudices of the media, the Government is still winning the argument.

The great weakness in the Government's position, however, which the opposition parties are now trying hard to exploit, is the unwillingness to make any forecast of when unemployment will start to fall.

The February public spending white paper assumed an additional 250,000 to the jobless total this year and since there is broad academic consensus that the British economy can absorb growth of 3 per cent a year for several years without adding to unemployment, the Government can be legitimately asked: If your assumption is that the problem will get worse, what are you going to do about it?

That will do nicely, sir," they are now saying round at Conservative Central Office where they are accepting the prestigious American Express Gold Card.

Boots' pitch

Boots may well be regarded as one of the more conservative companies in the British pharmaceutical world.

But its U.S. subsidiary is causing a stir by its decision to spend heavily on TV advertising its anti-arthritis drug, Rufen, direct to the public and over the heads of the medical profession who are supposed to prescribe it.

The U.S. Food and Drug Administration, which polices the U.S. drug business, says it has no powers to stop Boots. But officials have let it be known that they would have been willing until the issues had been reviewed.

There is a concern among the U.S. medical profession that direct advertising to the public will undermine the role of doctors. But Boots has decided to take the risk of enfusing the medics in order to become the first company to advertise prescription drugs on TV.

Boots is small in the U.S. and has ambitions to grow fast. So it feels that the risk is worth taking.

The main target of the campaign is Rufen's arch rival Motrin, which is known by the technical name of Ibuprofen and is marketed by Upjohn.

Upjohn is the market leader.

The TV ads are the latest move in a long battle between Boots and Upjohn for leadership in the U.S. anti-arthritis drug field. Upjohn originally licensed the right to market Ibuprofen from Boots. In 1981, however, Boots won the right to market its own version of the drug in the U.S. market.

Boots' Rufen is cheaper than Upjohn's Motrin. But to quote one Boots executive, "You can tell the doctors that

it is cheaper until you are blue in the face. But the cost of medicine is not a physician's concern."

Boots is hoping that its campaign will convince customers that the only difference between the two drugs is that the Boots product is better value.

### Two styles

John Wilson, deputy chief executive of the oil group KCA International, turnover over \$40m, has resigned following the collapse of a group reorganisation in which he was to become chief executive.

"I don't look up to it as a fad, although that is effectively what it was," he said yesterday speaking from home after the abrupt turnaround. "Let us just say there were two management styles."

He will be looking for a company which is not "so entrepreneurial" run and proprietorially run.

KCA has been an anomaly to many investors and city analysts—which is one of the reasons why its chief executive, Paul Bristol, decided in February to mount a management buy-out.

KCA Drilling, the group's main operating subsidiary—which remarkably is worth more in terms of its share value than the parent company—was to be merged with a second oil-related subsidiary BW Mud to form a new publicly quoted company.

Wilson was to become chief executive—indeed since the beginning of the year he has been effectively doing such a job.

Bristol intended to buy out the residual operations comprising the ailing Berry Wiggins group, barytes mills, and an oil group in the U.S.

But the demerger collapsed at the end of last week with Bristol blaming long delays and the immense complexity of demerger plans.

Wilson's conservative back-

ground—he went to KCA 21 months ago after 16 years as finance director at Carrington Viyella—was seen as a counter-weight to Bristol's management style.

### Cadbury power

Those irrepressible Cadburys are making news again. Back in 1969, when Schweppes merged with Cadbury Brothers to form a though the long and close family involvement in the business might be coming to an end.

Instead, Adrian Cadbury (now Sir Adrian) came along to follow Lord Watkinson as chairman of Cadbury Schweppes in 1975. Now Sir Adrian's younger brother Dominic, aged 43, has been appointed group chief executive. He will succeed Basil Collins who retires this year at 60.

So there are two Cadburys firmly ensconced at the top of the merged firm which at one time looked like subsuming the Cadbury family business.

Sir Adrian is in charge of policy-making. Dominic, who is at present managing director of the group's confectionery division, will take over the day-to-day management of the group.

Still to be decided is who should follow Collins into the deputy chairman's seat.

Dominic Cadbury, married with three daughters, joined Cadbury Brothers in 1964 after Eton, Trinity, Cambridge and Stanford University. He has spent a lot of his time in sales and marketing and before his present post ran the confectionery operations throughout North America.

### Resolution

My young colleague says he is giving up wine and women because he is sick and tired of feeling sick and tired.

Wilson's conservative back-

ground—he went to KCA 21 months ago after 16 years as finance director at Carrington Viyella—was seen as a counter-weight to Bristol's management style.

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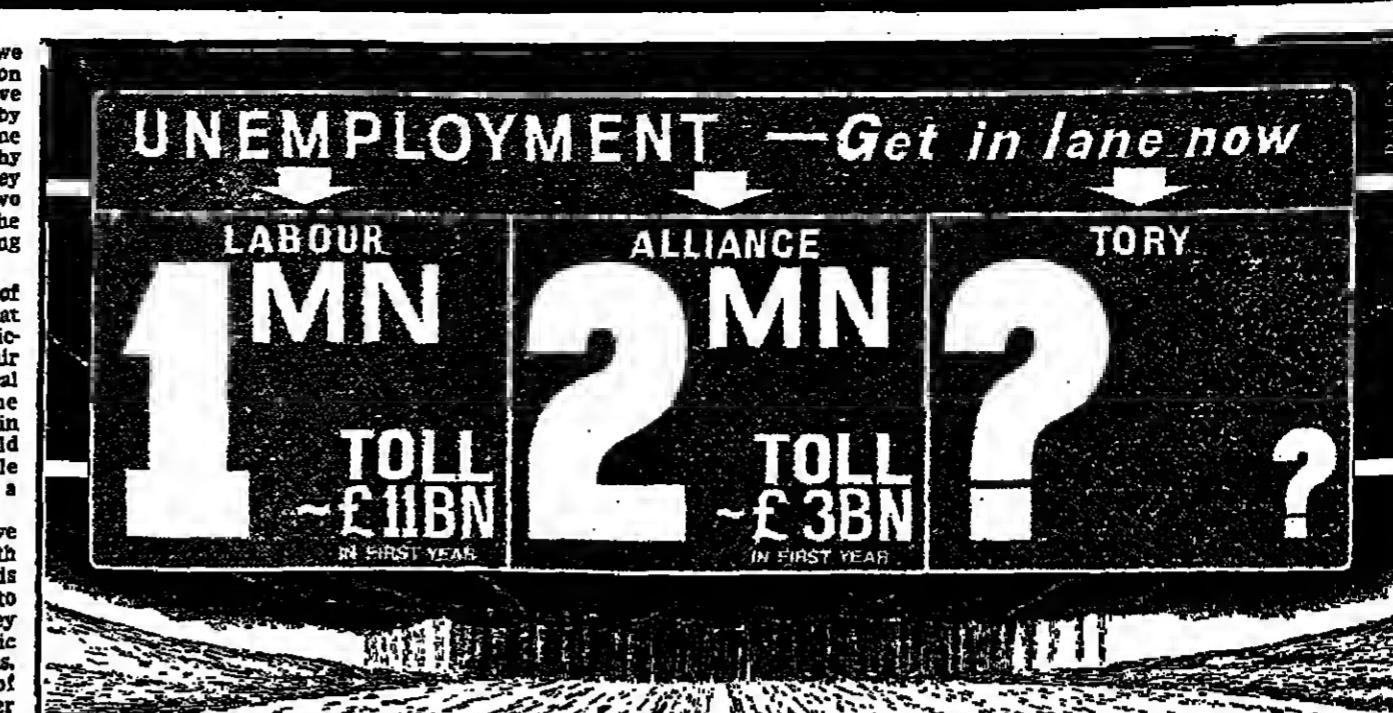
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### Observer

Quality in an age of change.



## THE U.S. ECONOMY

# Why optimism is spreading

By Anatole Kaletsky in Washington

"A YEAR ago my panel was forecasting a negative GNP growth of minus 0.5 per cent. As we all know the actual outcome was minus 1.7 per cent. I worried then that the outlook was less sure than usual. This time I would like to go on record as saying the projected growth of 2.9 per cent is more sure than usual."

Bob Eggett, compiler of the Blue Chip Economic Consensus, the standard expression of the collective wisdom of the top economic forecasting firms.

"We have reached, I believe, a kind of trading range where interest rates fluctuate up and down by half a percentage point to one percentage point for the foreseeable future."

Henry Kaufman, chief economist of Salomon Brothers, and Wall Street's most influential monetary commentator.

A few months ago it would have been difficult to imagine statements like these being uttered by people with hard-earned reputations to preserve in the investment community. But the mood of confidence which overtook Wall Street last

## The Fed's new broader-minded attitude

autumn, and has already made rich men of many stockbrokers, is now spreading even to the practitioners of the "dismal science."

Economists in the U.S. have at last found something they can almost all agree on: the long-awaited economic recovery has begun. Furthermore it is taking place against the background of a financial stability which is almost eerie. After three years of unprecedented interest rate volatility it is possible for Dr Kaufman to suggest something previously unthinkable—that interest rates have stopped falling, but are not about to start soaring again.

The Fed Funds rate has hardly moved above 9 per cent, or below 8 per cent, in the last six months. The Treasury Bill rate, although it is less susceptible to direct control by the Fed, has stayed within a trading range of 7.5 to 9 per cent for nine months now. Between early 1978 and last August, in-

terest rates had almost never remained as stable as this even for three months at a time.

This novel interest rate stability and the optimism about recovery are closely connected. For ever since the inauguration of President Ronald Reagan's experiment with large tax cuts and budget deficits, extremely high interest rates have been the main obstacle to the "roaring" economic recovery he had originally predicted.

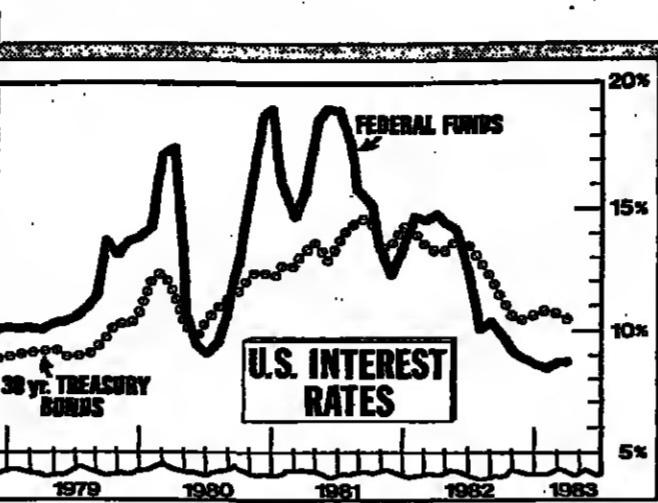
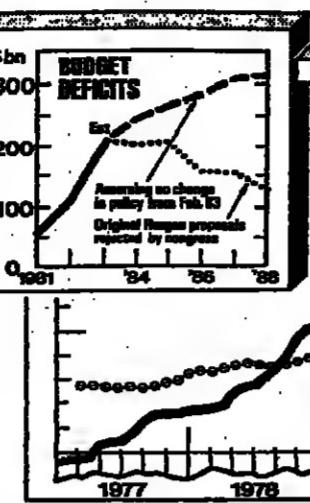
Even when short-term rates plunged by 51 per cent last autumn they remained up to 6 per cent above the rate of inflation. Nobody knew how far interest rates would have to fall to spark off a recovery, but the indications began to grow that rates at the current level, though unprecedentedly high for this stage in a business cycle, might just be low enough to allow a slow recovery to begin—provided they did not bounce back up.

Though they may only be dimly aware of the reasons businessmen and consumers are also beginning to join in the economic optimism. Strong expectations of recovery were evident at last week's meeting of the Business Council—the country's top business association—and are to be found regularly in annual statements by company chairmen. They have emerged in surveys of consumer confidence, which have recently been showing the best results since 1978. Last week these growing optimisms were buttressed by the publication of April statistics revealing the most impressive increase in retail sales for two years.

Why, then, does a recovery which was as elusive as a mirage last year, now seem relatively secure?

The political arguments are simple. There is a presidential and a congressional election next year. Whether or not President Reagan reappoints Mr Paul Volcker as chairman of the Fed this August, all U.S. politicians have been so traumatised by the effects of sky-high interest rates, that a Fed chairman who presided over an interest rate jump in the run-up to the election would probably provoke a direct challenge from the Congress.

For the time being at least, to pay more attention to the development of the real economy and to look particularly at the strength of the recovery itself as the major determinant of inflationary pressures in the years ahead.



potential and hence its capacity to provide jobs and long-term non-inflationary growth.

The ultimate reasons for all three of these caveats are the same: exceptionally high interest rates relative to inflation, even taking taxes into account, which, in turn stems from the interaction of President Reagan's huge budget deficit with the necessarily tight monetary policy needed to keep inflation under control.

Without legislative action the deficits based on current tax and spending policies would absorb between about 70 and 130 per cent of the private sector's net savings between now and 1988.

## The challenge of raising taxes substantially

For a period, particularly in a recession, it is not unusual for the Government to borrow capital from abroad and from the corporate sector to make good a shortfall in personal savings. But obviously this situation cannot go on for nearly a decade with no end in sight.

It would be fair to say that the Fed's collective mind is working hard to convince the public and private sectors that the officials support that it is—when as long as the Fed does not miscalculate, interest rates should not rise significantly unless it becomes clear that the economy is picking up too fast.

If the recovery slows down prematurely, on the other hand, then Mr Volcker or his successor should find it much easier than a year ago to convince the market that monetary policy needs to be further relaxed.

The crucial question, then, is how rapid the recovery ought to be. Mr Volcker told the Congress in February that individual economic projections made by the Fed's top officials had a "central tendency" of 3.5 to 4.5 per cent growth between the fourth quarters of 1982 and 1983. He has since suggested that if the exercise were repeated, the projections would probably have been raised a notch.

While these figures are in no sense an official target, they are strikingly close to the Reagan Administration's revised official forecast of 4.7 per cent growth. And this figure (equivalent to 2.9 per cent year-

on-year growth in 1983) happens also to be almost exactly equal to the current Blue Chip consensus of private sector economists in the years ahead.

If this is really the way that the Fed's collective mind is working, then it is clear that the Fed's room for manoeuvre. But ironically, in part because of the Central Bank's demonstrated inability even to measure the money supply accurately, never mind control it, there is no longer a perceived link which leads straight from monetary growth to inflation.

This psychological adjustment in turn has made it much easier for the Fed to stabilise interest rates as well as encouraging it to look at them, if not as a target, at least as an indicator of monetary conditions.

A change in attitude of this kind was in fact inevitable last autumn, when Mr Volcker made his momentous decision to devalue the basic money supply. M1, the dominant factor in Fed policy and adopted the broad definitions of money, M2 and M3, as his main target.

The Fed's new broader-minded attitude to monetary policy has prompted investors

to pay more attention to the

development of the real economy and to look particularly at the strength of the recovery itself as the major determinant of inflationary pressures in the years ahead.

There are still flurries in the bond market when a very bad M1 figure comes out, as it did last Friday, for money supply figures are still seen as restricting the Fed's room for manoeuvre. But ironically, in part because of the Central Bank's demonstrated inability even to measure the money supply accurately, never mind control it, there is no longer a perceived link which leads straight from monetary growth to inflation.

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# FINANCIAL TIMES

Friday May 20 1983

**BELL'S**  
 SCOTCH WHISKY  
**BELL'S**
**BIG TAX CONCESSIONS SCRAPPED IN AUSTRALIAN MINI-BUDGET**

## Hawke spends A\$300m on jobs

BY COLIN CHAPMAN IN SYDNEY

THE HAWKE Government last night cut heavily into planned public spending but devoted more than half the saving to job creation schemes designed to hold Australia's unemployment levels at the present 10.4 per cent.

In a mini-budget presented to the federal Parliament by the Treasurer, Mr Paul Keating, the Government abolished some significant tax concessions, including relief on home mortgages for all but the poorest, introduced punitive new measures on wealthy pensioners, and put in doubt a number of pre-tie capital projects.

Mr Keating said planned expenditure would include new programmes amounting to A\$55.7m (US \$49.2m) in the financial year starting July 1 but that would be more than offset by savings and reduced tax concessions amounting to A\$98.5m. In the following year, the gross savings would be more than A\$2.000m.

The largest of the new schemes involves planned extra spending of

A\$300m on community work, designed to create 70,000 new jobs within six months.

The Government will increase housing starts from 118,000 this financial year to between 130,000 and 135,000 in the 1983-84 financial year. Direct Commonwealth funding of public housing will be increased to A\$300m from A\$355m.

Mr Keating added that the housing industry, including the unions, had indicated that that rate should be achievable without significant resource constraints and wage or other inflationary pressures.

In October the Government will introduce a means-tested scheme to assist those buying their first home. Grants of up to A\$7,000 will be available to a family with two or more children enabling lower-income earners to borrow more, but the previous Government's tax relief on mortgage interest over 10 per cent is being phased out.

On the revenue side, the Treasurer's biggest innovation is substan-

tial taxation on lump-sum superannuation payments.

At present those opting to take their superannuation as a capital sum have to pay tax on only 5 per cent of the lump sum. Now they will pay tax of at least 30 per cent on the whole lump sum.

Superannuation payments, however, will be exempt from tax if converted immediately into a continuing retirement income in the form of a pension for annuity, or rolled over into another superannuation fund.

This will lead to urgent and major changes in Australia's investment advisory industry, as will another of Mr Keating's measures announced yesterday - a means-testing of age and service pensions for the over-70s. This was abolished by the Whitlam Government n decade ago.

Mr Keating claimed his plan to tax lump sum superannuation would save the Government A\$15m next year, increasing by about

A\$50m a year to a peak of about A\$420m.

Another tax deduction to be abolished is on contributions to private health funds.

The Treasurer announced changes in Federal Government funding of a number of important capital projects, which will almost certainly lead to their cancellation or postponement.

One of these is the Northern Territory's favourite scheme, a railway from Darwin to Alice Springs.

The previous Government's A\$70m scheme to build new dams on northern rivers has also been scrapped, and the proposed A\$70m upgrading of Brisbane Airport has been cut by A\$20m.

Tax on aviation spirit will be increased by two cents a litre, and telephone charges will rise but there are no changes yet in personal taxation, sales tax or duties on wine, spirits and tobacco.

Editorial comment, Page 18

## Europe and Canada in satellite venture

BY MICHAEL DONNE IN LONDON

EUROPEAN and Canadian companies, led by British Aerospace as the prime contractor, are to develop and market a new range of large communications satellites, called Olympus.

Other companies involved are Aeria and Selenia of Italy, Fokker of the Netherlands and Spar Aerospace of Canada.

The Olympus satellite is derived from work on the LSAT (Large Satellite) communications satellite for direct broadcasting and other roles, being built for the European Space Agency for launch in 1986. LSAT is being renamed Olympus-1.

The growth of specific direct broadcasting and general telecommunications activities during the rest of this century is expected to generate a demand for over 150 satellites of the Olympus type, representing a market at today's prices of about £6bn (\$9.3bn). Each Olympus satellite would cost about £3.5m.

Marketing of the Olympus class of satellites is under way and the Olympus is already a candidate for use in Canada's M-Sat and Radar-sat programmes.

Mr Peter Hickman, managing director of the Space and Communications Division of British Aerospace's Dynamics Group, said in London yesterday that the aim was to sell this class of satellite to worldwide markets.

• The European Space Agency's X-ray observatory satellite, Exosat, is due for launch by a U.S. Delta rocket from a range in Vandenberg, California on May 26.

The ESA's own rocket launcher, Ariane, to which several UK companies contribute, is now approaching its sixth flight, some time in June, from the French space base at Kourou, French Guiana. The precise launch date will be announced after a flight-readiness review set for May 31.

## French metals sector rescue takes shape

BY PAUL BETTS IN NEW YORK

THE French Government is moving ahead with its plan to restructure the country's non-ferrous metal industry around two big groups, Pechiney-Ugine-Kuhlmann, the country's leading aluminium producer, and Cogema, the French nuclear fuel company.

Cogema is to take control of Imetal, the largest non-ferrous metals group in France. The financially troubled group owns 50 per cent of Société Le Nickel, the New Caledonian nickel mining company, Penarroya, the world's largest lead producer, Compagnie Française de Molta, a uranium producer, and Erap, to be set up.

This company will control a third more than a third of Imetal's capital, with Cogema holding the bulk.

At the same time, the other large restructuring operation in non-ferrous metals is going ahead around the PUK group.

PUK has recently shed its loss-making chemical operation. Most of them have gone to Elf-Aquitaine, with another large chunk being taken by the Rhône Poulenç group. The shareholders of the Erap energy state holding company, with 29.9 per cent, Compagnie Fi-

nancière de Suez with 18.14 per cent and Cogema with 12.14 per cent.

Cogema is to lead the recovery and restructuring operation and is to become the leading shareholder in Imetal. Details of financing and of how the main shareholdings are to be restructured have yet to be worked out, although a new holding company, consisting of Cogema and Erap, is to be set up.

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A slower rate of desinching by manufacturers suggest that they will have met more orders from production, while an increase of £10m in retailers' stocks will have tended to increase orders to manufacturers by more than would be needed to balance shop sales.

A further set of figures yesterday showed that capital spending had made no contribution to the recovery so far this year. Total capital spending in the first quarter of the year fell by about ½ per cent compared with its level in the previous three months.

This reversed a modestly rising trend last year, which had been led by increased capital spending by the distributive and service industries.

## Britain's national output up 3/4% in quarter

By Max Wilkinson, in London

NATIONAL OUTPUT in Britain grew faster in the first three months of this year than at any time since the spring of 1979, according to official figures released yesterday.

The improvement - of ¾ per cent compared with output in the last three months of 1982 - mainly reflects increased industrial production.

The rise, equivalent to an annual growth rate of about 3 per cent, confirms the views of the Treasury and surveys by the Confederation of British Industry, which suggest that recovery started a modest acceleration at the turn of the year.

Last year, output grew by 1 per cent and the Treasury is predicting a growth of 2 per cent this year, compared with 1982.

The growth of output in the first three months of the year is the fastest since the second quarter of 1979, when the economy bounced back after the so-called "winter of discontent".

However, the present growth rate is still modest by historic standards and official optimism was tempered yesterday by the fact that industrial output fell slightly in March after rising in the first two months of the year.

Total output in the three months January to March was 2.3 per cent below its level in 1979. However, the output of all sectors, excluding North Sea oil, was 4.2 per cent below its 1979 level.

Separate figures from the Department of Industry yesterday showed that total stocks fell by £36m (£23.1m) in the first three months of the year compared with a fall of £56m in the last three months of 1982 (all at 1975 prices).

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## Land Securities

Investors in property stocks invariably regard the revaluation as the most important figure in the annual statement. The increase in the underlying value of Land Securi-

## THE LEX COLUMN

# Shell collecting in North Sea

proved refining and marketing margins, as well as higher market share.

The impact on earnings of Shell's switch to its own production is clearly underlined by the 38 per cent increase in non-North American oil and gas profits to \$449m. Excluding Shell Oil and Shell Canada, the group's oil sales actually fell by about 3 per cent, but its own crude production rose 11.8%, helped by a day to 807,000 bpd, mainly due to the North Sea. The rise in North Sea gas output, with Continental European markets holding up well during the quarter also made a hefty contribution. Volumes rose 7 per cent.

The underlying figures, eliminating the stock losses which arose as Shell took advantage of the market to push down supply costs, show that has beaten inflation was enough to push the shares 11p higher yesterday to 316p.

But on this occasion the income figure is equally important: pre-tax profits have risen by 16 per cent to £78.2m over the year, incorporating a slowdown to 9 per cent in the second half. The slow-down has been due to the heavy refurbishment expenditure - £24.4m last year - and the consequent loss of interest income, while the refurbishment programme is also eating into anticipated reversionary gains.

The continuation of these trends implies a dull profits outlook for the current year, with possibly 24p pre-tax on the cards. Meanwhile the company reveals an important change in its financing policy, with sales of more than £48m completed in a buoyant year for vehicle sales. Daimler's 1982 net profits were 11.5 per cent higher at DM 921m (£37.4m), while BMW managed an advance of no less than 30.9 per cent to DM 189m. Daimler's tax bill of about DM 3.5m suggests that under sterner accounting conventions reported profits might have worked out even higher.

Daimler and BMW are admittedly placed at the more sheltered upper end of the car market and have benefited during 1982 from a shift in the sales mix towards higher margin, expensive models. But as Rolls-Royce Motors has shown, price is no guarantee of prosperity, and each of the German companies is illustrating graphically the virtuous circle through which heavy capital investment promotes the added which funds product development.

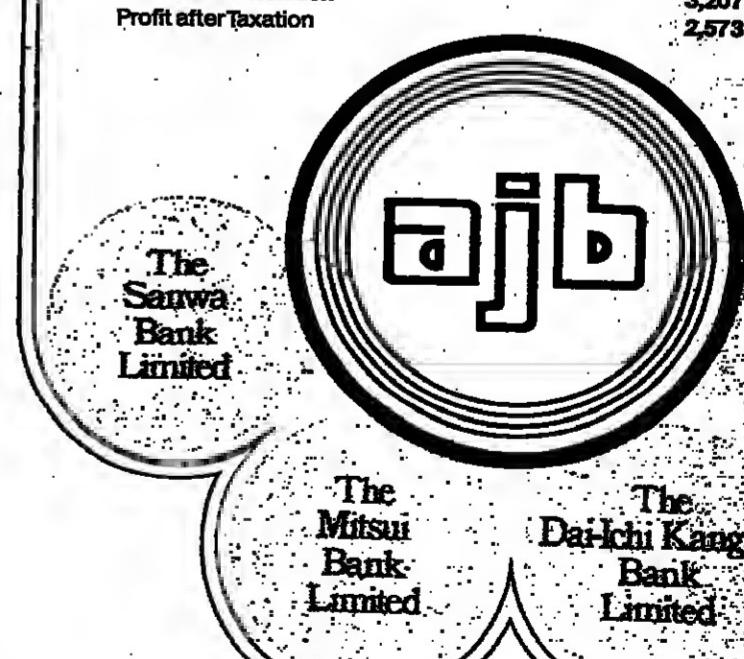
In terms of trading shareholders are told that turnover has jumped 134 per cent to £18.2m and pre-tax profits by 164 per cent to £1.1m. There is no interest figure and no way of assessing how and when the remarkable 44 per cent pre-tax margin is obtained.

Directors are obliged by the Stock Exchange to supply information which is necessary for a reasonable appreciation of the results of the period. While Poly Peck provides details of future projects, present operations rate a few bland lines. The instinctive reaction of a group in Poly Peck's position may be to batton down the hatches as tight as possible, but the company has clearly missed an opportunity to reduce the speculative atmosphere surrounding its shares, which closed 11 lower yesterday at £16.

## Associated Japanese Bank (International) Limited

Extract from Audited Accounts

28th Feb. 1983	26th Feb. 1982
Share Capital	\$200
Retained Profit	11,600
Subordinated Loans (£ equivalent)	8,063
Deposits	15,015
Loans	12,495
Total Assets	558,819
Profit before Taxation	3,207
Profit after Taxation	2,228



An International Consortium Bank  
(Shareholders aggregate assets well exceeding US \$235 billion)  
Associated Japanese Bank (International) Limited  
29-30 Cornhill, London EC3V 3QA  
Tel: 01-623 5861. Telex: 883661

## World Weather

### Shell group up 22%

By RAY DAFTER IN LONDON

A MARKED increase in the Royal Dutch/Shell Group's oil and gas production helped to boost the company's net income to £508m (£790m) in the January-March quarter - a 22.7 per cent increase over the corresponding period last year. The profitability of refining and marketing operations also rose during the quarter.

Sir Peter Baxendale, senior group managing director, told shareholders some light was appearing on the economic horizon. "The underlying trend is generally more encouraging than we have seen for some time."

Sir Peter, who is also chairman of Shell Transport and Trading - the

group's UK arm - said at the annual meeting: "As 1983 goes on we begin to see rather more cause for optimism about economic prospects than might have been expected when the year began." There were positive signs of economic growth beginning to appear in the U.S. while in Europe commentators saw "encouraging pointers" for the UK and rising expectations for West Germany.

Although Japan's economy still seemed stagnant, the overall picture reflected better prospects for some form of international economic recovery than had been foreseen in the past two years.

	°C	°F		°C	°F		°C	°F		°C	°F				
Aachen	21	70	Düsseldorf	23	72	Munich	20	68	Stuttgart	19	64				
Austria	24	75	Frankfurt	24	75	Mödling	21	68	Salzburg	22	72				
Belgium	24	75	Genoa	24	75	Monza	22	68	Sampierdarena	22	72				
Denmark	12	52	Groningen	12	52	Næstved	20	68	Sorø	20	68				
Finland	22	72	Helsinki	17	63	Nuutajarvi	20	68	Tampere	21	70				
France	33	91	Geneva	20	68	Montauban	9	48	Paris	24	75	Toulouse	20	68	
Germany	26	79	Göteborg												



## SECTION II - INTERNATIONAL COMPANIES FINANCIAL TIMES

Friday May 20 1983

**JATON**  
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THE COMPLETE ENGINEERS MERCHANTS

### Philips still hopeful despite 13% drop in trading profits

BY WALTER ELLIS IN AMSTERDAM

TRADING profit at Philips, the Dutch electrical group, fell 13 per cent in the first three months of this year, holding the increase in earnings to a mere F1.9m (\$3.2m). Philips shares fell on the Amsterdam stock exchange as the news broke.

The profit fall was brought about by continuing pressure on retail prices. Even so, Philips remains reasonably satisfied with its first-quarter performance, which largely matches expectations, expressed earlier, for 1983 as a whole.

Philips reports a favourable trend in lighting, electronic components, medical equipment and defence systems. It also notes "tremendous consumer interest" in the revolutionary audio compact disc, first developed in the Netherlands and launched in Europe in March. No figures were given at a Philips news conference yesterday, but sales of the discs were said to have been well ahead of targets and to have helped rescue flagging hi-fi sales generally.

Consolidation of the lamp activities of Philips's recent acquisitions, Westinghouse Electric of North America and Compagnie des Lampes of France, brought about 3 per cent increase in general sales. This positive influence was, however, entirely offset by price changes and movements in foreign exchange.

Sales as a whole, in terms of both volume and guilders, rose by 3 per cent over the 1982 first quarter. Cash sales reached F1.10bn worldwide against F1.86bn a year ago. The most significant increase

### Harvester halves losses in quarter

By Richard Lambert  
in New York

INTERNATIONAL Harvester, the U.S. farm machinery and truck group, reported substantially reduced operating losses in the second quarter of its financial year. Losses from continuing operations in the three months to April came to \$84.1m, compared with \$165m in the preceding three months and \$172.2m in the second quarter of last year.

Mr Donald Leinnox, the group's president and chief executive, said yesterday that the figures reflected "the tremendous cost improvement generated by our operational restructuring programme". Losses had been cut despite a fall of about 4 per cent in demand for agricultural trucks and equipment compared with the first half of last year.

The group said that although its markets had improved, it was too early to predict much more than a gradual increase in demand for the rest of the year.

Truck sales in the second quarter fell from \$706m to \$583m, although the group's share of the North American market for medium and heavy duty trucks climbed from 27.9 per cent to 29.8 per cent, compared with the same period of 1982. Agricultural equipment sales in the three months fell from \$559m to \$410m.

### Firestone Tire doubles income to \$26m

By Our Financial Staff

FIESTONE TIRE, the world's second largest tire producer, has doubled second quarter profits from \$13m, or 25 cents a share, to \$26m, or 53 cents, despite a fall in revenues from \$1.02bn to \$913m.

This brings half-year profits to \$44m, or 86 cents a share for fiscal 1983, compared with \$13m, or 24 cents, last year when the group managed to break even only in the first quarter. Half-year revenues all slipped from \$1.91bn last time to \$1.77bn.

The latest quarter and half-year returns include tax credits of \$2m, or 4 cents a share.

### Eastern Air rescue agreed

By Our New York Staff

EASTERN AIR Lines, the fourth largest U.S. carrier, won the approval of its major creditor banks on Wednesday for a financial recovery plan following tentative agreement on a package of wage and other concessions with its workers.

The airline recently revealed a first-quarter loss of \$60.7m compared with a loss of \$51.4m a year ago, and a full-year deficit of \$74.5m.

At a meeting yesterday with Chase Manhattan Bank and Citibank, the two lead banks agreed to reopen a \$400m credit line to Eastern.

Eastern also announced details in a filing with the Securities and Exchange Commission of a \$300m package of debt securities which it plans to offer employees in return for wage and other concessions.

### Lufthansa on target to maintain its recovery

BY JAMES BUCHAN IN BONN

LUFTHANSA, the West German state-owned airline, expects a good year in 1983 with operating results at least as high as the sharp improvement in 1982.

Herr Heinz Ruhrau, who took over as chief executive last year, said that the first three months of the year had been "satisfactory" and the airline had shown a profit in March, the first time in that month for seven years.

Herr Ruhrau expects a 2 per cent increase in passengers and a 5.5 per cent increase in freight carried, as long as the gradual economic recovery does not release pent-up price rises.

Last year, Lufthansa enjoyed a sharp increase in after-tax profits to DM 45m (\$11.2m), from DM 5.6m, and intends to pay a 5 per cent dividend on both ordinary and preference shares for the first time since 1979. All but 17 per cent of the

### U.S. bank to sell subsidiary

BY PAUL TAYLOR IN NEW YORK

CHASE Manhattan Bank is to sell its merchant service business, which provides an electronic authorisation and clearing service for credit cards to retailers, to Continental Telecom, the U.S. telecommunications group.

Terms of the proposed deal were not announced. Chase, the third largest U.S. bank, said it had concluded that the business "does not fit into our long-term strategy plan for the consumer banking sector."

UNIX COMPUTER SYSTEM LIKELY TO BE A MAJOR REVENUE EARNER

### AT & T sets the standard of the future

BY ALAN CANE IN LONDON

THE ANNOUNCEMENT earlier this week that three leading U.S. semiconductor manufacturers have agreed that their most advanced microprocessors will conform to a software standard set by American Telephone & Telegraph (AT&T) has a significance far beyond the rarefied atmosphere of Silicon Valley.

What Intel, Motorola and National Semiconductor have done is to boost the chances of a computer operating system called Unix becoming the world standard for the new generation of very powerful microprocessor chips emerging from the laboratories of the best semiconductor makers.

One senior computer industry executive said this week: "Now Unix has become an unstoppable bandwagon."

Already IBM and Digital Equipment, respectively the world leaders in mainframe and minicomputers, have indicated their interest in Unix. Hewlett-Packard, the electronics giant, is concentrating on Unix as one of its chief operating systems for personal computers. And yesterday NCR released its

newest business microcomputer complete with Unix.

With all the excitement about what is, after all, simply a piece of computer software, 10 years old, and as one computer specialist put it "pretty flaky in parts".

The answer is that it is a remarkable product that makes sense out of chaos in the world of advanced microcomputing and opens up the possibility of new profits to be made by software entrepreneurs who exploit it.

Mr James Martin, author and lecturer on advanced date processing, points out in a recent book: "The computer industry is at a cliff edge. After 20 years of the use of third-generation languages, we now understand that there are dramatically better ways to build systems. The new ways are a potential gold mine for entrepreneurs."

Unix seems to be one of these new ways. Like other operating systems, it manages the resources of the computer to the best advantage, allowing applications software which ran on CP/M based computers.

Unix was developed at Bell Laboratories in New Jersey about 1970 by a software team including Mr K.

Thompson (the original author) and Mr D. M. Ritchie. Most of the development work and applications programs have been created through AT&T's marketing strategy of allowing academic institutions access to Unix for moderate fees.

AT&T should now reap substantial revenues from the product. It will sell Unix direct, but for a high fee, and more commonly sell to distributors who modify it and sell it under their own name. Software distributor Microsoft, for example, sells Unix under the brand name Xenix. There are now 50,000 Unix distributors, a number expected to double by the end of the year as software and systems producers use it to build commercial packages.

AT&T, reorganised and freed from its traditional restraints, is expected to make a significant showing in the computer market next year. Industry sources say it is ready to launch a multifunction workstation (personal computer, typewriter, mailbox) codenamed Bit for under \$4,000 later in the year. It will run Unix as its operating system.

### GERMAN PRESTIGE CAR MAKERS CONFIDENT OF MARKET RECOVERY

## Daimler and BMW strive to boost output

BY JOHN DAVIES IN FRANKFURT



Herr Eberhard von Kuenheim

DAIMLER-BENZ and BMW, the West German motor vehicle manufacturers, are pressing on confidently with plans for a further boost to car output after their strong performance last year.

At the same time, each is wrestling with problem areas - Daimler facing weak demand for trucks and buses, and BMW cutting back motor-cycle production.

Daimler-Benz, encouraged by sales of the 190 compact model launched in December, expects to increase total car production this year by 2.5 per cent to about 470,000 on top of a 4 per cent rise last year.

With existing capacity fully utilised, the Stuttgart-based company is pushing ahead with plans to begin full-scale production of the compact class at its new works in Bremerhaven by the beginning of next year.

Munich-based BMW, which at present is striving to meet delivery dates stretching in some cases to five months, aims to lift its car output to over 400,000 for the first time. This would represent an increase of more than 5.5 per cent, compared with a 7.7 per cent rise last year.

The company, confident of rising sales potential for the new genera-

tions markets, are in sharp contrast to the troubles of the much bigger Volkswagen concern, whose worldwide car output exceeds 2m.

Daimler-Benz overtook Volkswagen last year in terms of sales revenue. Daimler's worldwide sales rising 8.1 per cent to DM 38.9bn (\$15.3bn) and VW's falling marginally to DM 37.43bn. BMW lifted its sales by 21.7 per cent to DM 11.8bn.

While Daimler increased group net profit by 11.5 per cent to DM 921m and BMW lifted its net profit by 38 per cent to DM 209m, VW turned in a DM 300m loss - mainly because of troubles in the U.S. and Mexico and at its Triumph-Adler office equipment subsidiary.

Daimler-Benz and BMW both increased their dividends, while VW omitted a dividend for the first time since 1975.

Although executives of Daimler-Benz and BMW displayed confidence this week in outlining their performance and plans, they conceded that there were headaches in some areas of production.

Herr Eberhard von Kuenheim, chairman, disclosed that motor-cycle production last year fell 7.7 per cent to 30,554.



Dr Gerhard Prinz

In the first four months of this year, BMW's motor-cycle output was about 12,000, down about 600 on the corresponding period a year ago.

BMW expects recession to continue to dampen motor-cycle demand this year, but believes it can maintain its ground in the declining market.

Dr Gerhard Prinz, chief executive

of Daimler-Benz, said that the Group's worldwide production of trucks and buses fell by 9 per cent to 250,000 last year and a further decline was expected this year.

In the first four months of this year, the group's truck and bus output in West Germany was down 5.3 per cent on a year earlier, although this was a less severe decline than the average for the industry.

Dr Prinz said Daimler-Benz's truck and bus operations in North and South America were "not a bed of roses" last year. The parent company absorbed a DM 100m loss on its Argentine operation last year and a similar amount the previous year.

But he said Daimler-Benz did not expect further losses in Argentina and would continue with its long-term plans for truck production in the U.S. irrespective of short-term economic difficulties.

Dr Prinz said the group aimed to strengthen its position in the increasingly hard-fought market for trucks. As part of this effort, it was negotiating projects for assembly of trucks and buses in Egypt and Turkey.

### Encouraging results from U.S. retailers

BY OUR FINANCIAL STAFF

KARSTADT is also providing DM 88m for construction of an automated storage and despatch centre for Neckermann in Frankfurt.

With consumer spending weakening because of the recession, Neckermann's sales revenue of DM 1.6bn last year was 1.1 per cent down on the previous year.

Herr Bernhard Schröder, who took over as Neckermann's chief executive last October, said it had completed the rationalisation plan made necessary by the weak demand for its main specialty, heavy construction equipment, in 1981 and most of last year. The company shed 11 per cent of its employees in 1982 and production has been concentrated to cut costs. This should work through into the 1983 result, the company said.

At the same time, the domestic market, assisted by government incentives during the winter had continued to revive, and orders for some heavy machines had doubled in the first quarter.

Nevertheless, Herr Karl Heinz Siepe, the chief executive, issued a warning that first quarter sales revenues were still down 14 per cent on the first quarter of 1982, with a break of 41 per cent in foreign sales.

NECKERMANN, the troubled West German mail order company, made a further loss last year but is hoping for a reduced deficit this year as a result of cost-saving measures.

The loss of DM 62m (\$25.3m) is only slightly less than the DM 68.7m loss in 1981.

Karstadt, the retail stores group, which has taken a 94 per cent stake in Neckermann, is absorbing last year's loss as part of its rescue operation. It previously took over Neckermann's loss-making travel subsidiary.

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THE TREND of encouraging results from U.S. retailers continues with Federated Department Stores, the Cincinnati-based chain, lifting first-quarter earnings from \$29.13m a year ago to a record \$42.99m, or 68.7 per cent in 1981.

The company said the earnings rise reflected increased consumer confidence in the economy, and improved economic conditions in regions where it operates.

R.H. Macy, the New York-based department store chain, boosted

third-quarter earnings to \$39.52m from \$15.89m on revenues up to \$780.5m from \$648.3m. This brought nine-month earnings to \$144.0m, compared with \$102.7m last time, and sales to \$2.7bn against \$2.3bn previously.

Lowe's Companies, the North Carolina-based discount retailer of building materials and hardware, lifted first-quarter profits from \$3.2m, or 10 cents a share, to \$8.1m, or 24 cents. Sales jumped from \$214.8m to \$299.5m.

This announcement appears as a matter of record only



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Kuwait Asia Bank E.C.

UBAF ARAB AMERICAN BANK

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## INTERNATIONAL COMPANIES and FINANCE

### Haw Par to sell subsidiary

SINGAPORE—Keppel Shipyard, the partly government-owned shipbuilding and repairing group, has entered a joint venture to acquire Malayan Motor and General Underwriters, an insurance unit belonging to Haw Par Brothers International.

Keppel will be joined in the purchase by the Post Office Savings Bank (POSB) and MBF Holdings.

The transaction would require approval of the Insurance Commissioner of Singapore.

Merchant bankers say that the Malaysian operations of the insurance concern would first be acquired by a newly incorporated Malaysian company in which MBF would acquire a 70 per cent stake.

In Singapore, it is expected that Keppel would hold a 40 per cent stake in the venture, POSB a 30 per cent share and MBF the remaining 30 per cent.

(AP-DJ)

### Orient Finance increases operating profits by 38%

BY YOKO SHIBATA IN TOKYO

**ORIENT FINANCE**, Japan's second largest consumer finance company, owned by Dai-Ichi Kangyo Bank group, lifted operating profits by 37.6 per cent to Y22.05bn (\$84.6m) in the year ended March 31.

Net profits were 10.5 per cent higher at Y8.01bn on sales of Y18.21bn, up 46.3 per cent compared with the previous year.

Per share profits were Y35.56, against 30.42. The company lifted the year-end dividend by Y5 to a Y40.5 for the year.

Operating profits were boosted by higher revenues. But the company set aside Y1.5bn for credit guarantees for its subsidiary, Orient Finance Business.

In exchange the affiliate has bought 45.3m shares in Orient Finance at lending support to the parent's stock, which came under heavy selling pressure earlier this year.

New business contracts in the year jumped by 50.4 per cent to Y96.85m, with personal loans climbing by 72.8 per cent to account for 12 per cent of the total contracts. Consumer credits, accounting for 52.5 per cent of the total, were up 54 per cent, with the dividend rising to Y10 per share.

The selling pressure, particularly by foreign investors was caused by rumours of poor results immediately after the company announced the public subscription of 28m shares to increase its capital. This resulted in a Y1.3bn loss.

At the end of March, Orient Finance set aside the interest due to it during the year by Orient Finance Business plus the sales losses on the 13m Orient Finance shares sold by this subsidiary up to the end of March.

Operating profits were boosted by higher revenues. But the company set aside Y1.5bn for credit guarantees for its subsidiary, Orient Finance Business.

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### Strong advance at Kyocera

BY OUR TOKYO STAFF

**KYOCERA**, the leading supplier of ceramic components to the electronics industry, which is to absorb Yashica, the camera maker, in October, posted strong earnings in the year ended March 31.

Kyocera, formerly Kyoto Ceramics, lifted unconsolidated operating profits by 26 per cent to Y34.65bn (\$148.8m).

Net profits were up 26.6 per cent ahead at Y17.12bn, up 30.8 per cent compared with the previous year.

For share profits advanced to Y16.65 from Y17.97. The year-end dividend has been raised by Y3 to Y20 per share.

With tax rebates for investment and a high depreciation allowance for the tyre industry, which is classified by the

### Two major Indian tyre groups show sharp gains

BY R. C. MURTHY IN BOMBAY

**MODI RUBBER**, the leading Indian tyre producer following its take-over of Firestone assets in the country, has reported an 11.4 per cent increase in sales to Re2.24bn (\$82.4m) in the year to October 1982. Gross profits jumped by 22 per cent to Re150.5m. The increases in sales and profits came despite a recession in the tyre industry and intense competition among two-wheeled vehicle tyres.

The company won export orders worth Rs55m in 1981-82 from the UK, US, and the Middle East, compared with Re16.7m in the previous year.

• Profits of Dunlop India almost

trbled to Re 108.7m (\$10.8m) in 1982 on a 16 per cent increase in sales, to Re 3.41bn from Re 2.38bn.

The upturn in tyre production that started in the second half of 1981 was sustained in the first half of 1982. But a recession in the road transport sector hit sales in the second half.

The dividend was raised from 15 to 20 per cent.

Exports rose by 18 per cent to Re 25m in 1982 and the company successfully floated a Re 120m convertible debenture issue late last year.

*This advertisement complies with the requirements of the Council of The Stock Exchange.*

**U.S. \$100,000,000**

**B.B.I. International N.V.**  
(Incorporated with limited liability in The Netherlands  
and having its statutory seat in Amsterdam)

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**Banque Bruxelles Lambert S.A./  
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*The following have agreed to subscribe or procure subscribers for the Notes:*

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**Algemene Bank Nederland N.V.**

**Banque Bruxelles Lambert S.A./Bank Brussel Lambert N.V.**

**Barclays Merchant Bank  
Limited**

**Chase Manhattan  
Limited**

**Crédit Commercial de France**

**Crédit Lyonnais**

**Dresdner Bank  
Aktiengesellschaft**

**Goldman Sachs International Corp.**

**Merrill Lynch International & Co.**

**Morgan Guaranty Ltd**

**Orion Royal Bank Limited**

**Salomon Brothers International**

**Sumitomo Finance International**

**Swiss Bank Corporation International  
Limited**

**Union Bank of Switzerland (Securities)  
Limited**

**S. G. Warburg & Co. Ltd.**

**Westdeutsche Landesbank Girozentrale**

**Wood Gundy Limited**

The Notes constituting the above issue have been admitted to the Official List by the Council of The Stock Exchange subject only to the issue of the temporary Global Note.

Interest is payable semi-annually in June and December, the first payment being made in December 1983.

Full particulars of the Notes are available in the Exetel Statistical Service and may be obtained during usual business hours up to and including 3rd June, 1983 from the brokers to the issue:

de Zoete & Bevan,  
25, Finsbury Circus,  
London EC2M 7EE  
20th May, 1983

### Hoare Govett (Far East) Limited are growing in Tokyo

*With effect from Monday 23rd May 1983*

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TOKYO REPRESENTATIVE OFFICE  
will move to**

**556, Nippon Building, 6-2 Otemachi 2-chome,  
Chiyoda-ku, Tokyo 100**

**Tel: 246-2901 Telex: J32459 HOARE Fax: 246-1833**

**CHARLES EDMOND Tokyo Representative  
NICHOLAS GREGORY Assistant Tokyo Representative**

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**LLOYD'S AGENTS SINCE 1919**

We wish to draw general attention to the fact that rumours which recently circulated in the insurance market to the effect that Gellatly Hankey Marine Services (Belgium) N.V., at Antwerp, would be ceasing their activities as Average Agents representing foreign Insurance Companies are completely false and entirely without foundation.

The confusion arose as a result of a large number of Insurance Companies represented by Gellatly Hankey Marine Services (Belgium) N.V. having been given erroneous information resulting from the misinterpretation of a message emanating from an Antwerp Company of Insurance Brokers.

Gellatly Hankey Marine Services (Belgium) N.V., Antwerp, and the whole Group of Gellatly Hankey Marine Services International Ltd, London continue to offer their services in the field of surveys, settlement of claims, recovery actions, etc.

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Antwerp, May 1983

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**THE MITSUI BANK, LIMITED  
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In accordance with the provisions of the Notes and Agent Bank Agreement between The Fujiokura Cable Works, Ltd., The Mitsui Bank, Limited and Citibank, N.A., dated May 7, 1980, notice is hereby given that the Rate of Interest has been fixed at 9 1/2 p.a. and that the interest payable on the relevant Interest Payment Date, November 21, 1983, for the period May 20, 1983 to November 20, 1983, against Coupon No. 7 in respect of US\$55,000 of the Notes will be US\$239.58.

May 20, 1983, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank

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## UK COMPANY NEWS

## Polly Peck surges ahead midway to £8m

Mr Aali Nadir, chairman of  
Polly Peck (Holdings)

INTERIM results for Polly Peck (Holdings) for the period from August 29 1982 to March 4 1983 show pre-tax profits of £8.07m, an advance of 184 per cent on the figure of £3.06m from September 1 1981 to the end of February 1982. Turnover was more than doubled at £16.16m compared with £7.78m.

The net interim dividend of this maker of ladies' clothing and corrugated cartons and boxes has been raised from 8.5p in 9p—in the previous full year a final of 9p was also paid. For the interim period earnings per 50p share have risen as climbing from 40p to 102p.

Retro Investment intends to waive the ordinary dividend on 1.94m shares.

Tax amounted to £613,000 (£117,000 restated to take account of tax concessions in Northern Cyprus).

The directors say they are confident of the potential of the group's existing activities and of its new projects, and consider that it is making good progress

towards becoming a more widely based group operating in a large range of markets. They look forward to a satisfactory outcome to the trading year.

In February, following a number of Press statements the market in the company's shares became so unsettled that the company and its advisers decided to defer temporarily the proposed merger between the company, Wearwell and Cornell Holdings. The directors say it remains their firm intention to proceed with that merger as soon as conditions are favourable.

Detailed final agreements have now been signed with Thorn EMI Ferguson providing for the establishment, with the assistance of Thorn EMI, of plants in Turkey at which colour televisions and video recorders will be assembled for sale in Turkey and other Middle Eastern markets.

It is anticipated that video recorder assembly will start in the next three months and television production will be in progress by late autumn. Substantial advance orders have already been placed.

Terms of an agreement with Thorn EMI, which will grant the rights to duplicate Thorn EMI videotapes for rental or sale in Turkey are also being finalised.

Good progress is being made with the Nisar mineral water project, which is being undertaken jointly with Cornell Holdings. That plant will begin full commercial production by October this year.

The agricultural and packaging

divisions performed well in the first half and are continuing to perform satisfactorily in the second half. The group's position in its established markets in the Middle East and Europe is being improved through the year.

The group has also increased the range of fruit and vegetables which it markets. Construction of a second corrugated box factory and a third packing

station in Northern Cyprus continues satisfactorily and the directors anticipate that both will be operational before the end of 1983. Planning for a corrugated box plant and two packing houses to be built in Turkey is at an advanced stage.

The group is continuing to look for new trading opportunities in the Middle East. A number of general trading negotiations are being negotiated.

The group is also researching the potential of the pharmaceutical industry, particularly in the Middle East and in certain developing countries.

Negotiations for the acquisition for less than £500,000 cash of a pharmaceutical manufacturing plant which is close to Middle Eastern markets are near conclusion and it is hoped to complete this acquisition within the next month.

Mr R. J. Strong has been appointed as a non-executive director from yesterday.

See Lex

## DRG worldwide sales advance

**WORLDWIDE SALES** of DRG for the first quarter of the current year advanced in real terms against the comparable figure for 1982 Mr J. S. Camm, chairman, told shareholders at the annual meeting. This improvement plus gains from reorganisation plus gains from reorganisation plus gains from the company's trading performance. He said that while the directors were looking for the improvement in profitability to continue during the second quarter it would be unwise, in view of the many uncertainties, to attempt to forecast further ahead. Nevertheless, they saw

1983 as a year for consolidation and making some progress towards achieving an acceptable return on investment.

At other AGMs chairman told shareholders:

**Britannia Arrow Holdings**: The Rt Hon G. Rippon, chairman, said 1983 looked like being even better than 1982. The sale of units in the UK had reached levels and the unrealised profit on the group's own investment portfolio more than doubled to £10m since the year end.

The market capitalisation of Britannia Arrow was now £50m compared with £30m at

December 31 1982.

**Delta Group**: Mr Geoffrey Wilson, chairman, said demand for the company's electrical and plumbing products had maintained the improved levels of the end of last year while metals were slightly busier in some parts, though remained slack in others.

"The severe pressure on margins in some areas was showing some signs of easing, although conditions remained very competitive."

**MICC**: Lord Penncok, chairman, said some of the company's manufacturing businesses both in the UK and overseas were showing signs of improved levels of orders but it was too early to say whether this was indicative of a general and sustained upturn.

Price levels continued to be depressed and even in the improvement in order intake was sustained, the group's performance for the first half of 1983 would fall well short of 1982. The economy for the full year depended not only on management action but also on the extent to which economic growth returned to its markets.

**Reekitt and Colman**: Sir James Cleminson, chairman, said that there were no areas causing him concern and that 1983 had made a satisfactory start. Sales and profit before tax for the first three months had provided increases consistent with the company's plan and progress continued to be made at home and overseas.

**Wm Morrison Supermarkets**: Mr K. D. Morrison, chairman, said that first quarter sales had shown an increase of some 17 per cent which reflected a small amount of increased volume and a healthy contribution from new stores.

Sales, on a week-by-week basis, were now running at a rate of plus 12 per cent as the Staveley store had completed a very successful first year.

**Planet Group**: Mr Peter Lane, chairman, said the group had made a very firm start to 1983. With an excellent performance in the U.S. in date, the present indications were that the group would have a very successful first six months in 1983. Aided by the actions taken in the UK he hoped the group as a whole would perform satisfactorily in 1983.

**Johnson Group Cleaners**: Mr J. L. Crookall, chairman, stated that the defence against threatened takeover bids had occupied 10 months of group's senior executives time and he intended to put a brake on the company's U.S. development.

On current trading in 1983, the year had begun satisfactorily, and results so far were ahead of last year.

**Lombard North Central PLC**: The Lombard 14 Days Notice Deposit Rate is 10% per annum. Lombard North Central PLC, 17 Bruton St, London W1A 5DH. For details phone 01-409 3434

**LADBROKE INDEX**  
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## C.E. Heath

Public Limited Company

PRELIMINARY RESULTS  
for the year to 31 March 1983  
(on the historical cost basis)

	1982/83 £'000	1981/82 £'000
<b>Profits from:</b>		
Broking Operations	10,816	10,434
Underwriting Operations	7,568	5,432
Other	1,151	1,161
<b>Operating Profit</b>	<b>19,535</b>	<b>17,027</b>
<b>Taxation</b>	<b>(8,113)</b>	<b>(6,607)</b>
<b>Minority Interests</b>	<b>(20)</b>	<b>(11)</b>
<b>Net Profit before Extraordinary Item</b>	<b>11,402</b>	<b>10,409</b>
<b>Extraordinary Item</b>	—	644
<b>Net Profit available for Appropriation</b>	<b>11,402</b>	<b>11,053</b>
<b>Earnings Per Share</b>	<b>36.7p</b>	<b>33.6p</b>

Associated company profits which arise from the Group's minority interests in insurance broking companies have been included in the figure for profits from broking operations, instead of under other income as in previous years. The relevant amount for 1982/83 was £649,000 (1981/82 £567,000). The comparable figures for 1981/82 have accordingly been adjusted to reflect this change.

A final dividend of 9.75p per share has been recommended, equivalent to 13.925p gross per share. The total gross distribution for the year is 21.0714p per share (1981/82 — 18.7143p per share).

The Report and Accounts will be available on 14th June 1983 and the Annual General Meeting will be held on Wednesday 8th July 1983.

F. R. D. HOLLAND, Chairman

C.E. Heath Public Limited Company  
Cuthbert Heath House, 150 Minories, London EC3N 1JR  
Telephone 01-488 2488

INTERNATIONAL INSURANCE BROKERS AND  
REINSURANCE BROKERS AND  
UNDERWRITING AGENTS

19th May 1983

## Humphreys &amp; Glasgow Limited

has been acquired by

## ENSERCH International Investments Limited

a subsidiary of

## ENSERCH Corporation

## Kleinwort Benson Limited

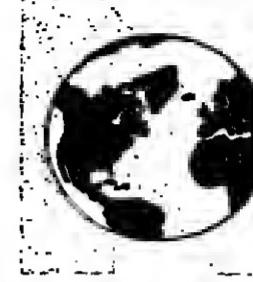
initiated this transaction and acted as financial adviser to the shareholders of Humphreys & Glasgow Limited

## NEWCAPITAL · NEWVENTURES · NEWENTERPRISE

## Newmarket (Venture Capital) Limited

is a member of the Newmarket Group

provides venture and development capital for new business ventures in the United Kingdom.



The Newmarket Group is exclusively dedicated to the investment of venture capital internationally and total assets have increased to US \$100 million over the past ten years.

New Cambridge Research, another member of the Newmarket Group, supports research into new ideas in science or engineering in the United Kingdom, which have potential commercial application. It also offers an annual competition for prizes to graduates and undergraduates at British Universities to encourage new ideas based on scientific developments which might have commercial promise.

Copies of the 1982 annual report, now available, include descriptions of the Group's activities and investments. Please telephone or write to John Allan, C. N. Services Limited, 57 London Wall, London EC2M 5TP Telephone: 01-638 4551 or write to The Secretary, Thirty Cedar Avenue, Hamilton-5, Bermuda.

## NEWMARKET COMPANY (1981) LIMITED

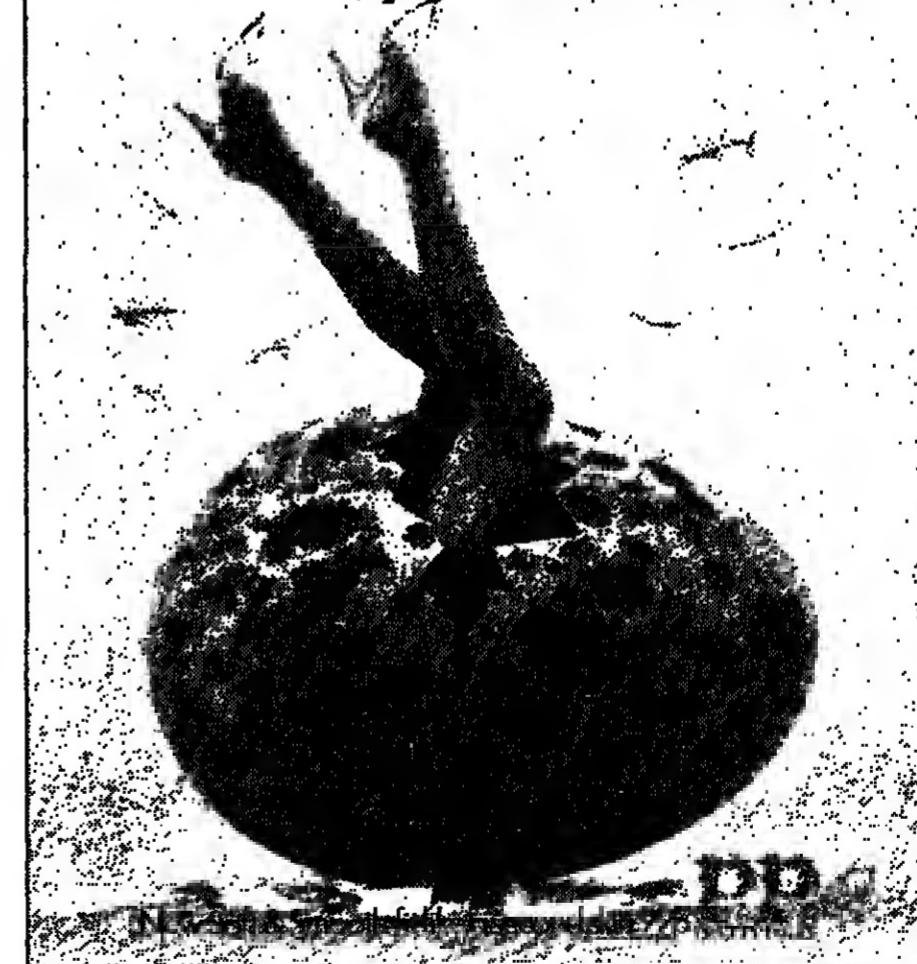
## Cape Industries

Cape Industries AGM was held on May 9 against that so far in the current year profits overall were "higher and rather better than expectations."

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as the day you were born.



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# Thomas Tilling

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## UK COMPANY NEWS

## HIGHLIGHTS

Lex today examines the latest banking figures to mid-April and considers first-quarter figures from Royal Dutch/Shell, where net income was up 22.7 per cent. The column goes on to look at the Stock Market phenomenon Polly Peck where mid-year profits jumped from £3m to £8m. Also discussed are the full-time results from Land Securities, where profits rose £1.1m to £7.8m, and from the German car manufacturers BMW and Daimler-Benz.

## Exchange rates lift Stenhouse at midway

FAVOURABLE movements in exchange rates formed the major part of the increase from £2.63m to £2.93m in insurance broking profits at Stenhouse Holdings in the six months to March 31 1983. This is the company's share of Reed Stenhouse Companies' pre-tax profit which improved from £2.50m to £2.62m, or 4.8 per cent, up from £20.58m to £25.3m. Lloyd's underwriting agencies contributed £506,000 (£355,000) to group profits, and the associated company, Noble Grossart, saw its share increase from £122,000 to £143,000. The profits of Lloyd's underwriting agency companies were £1.1m. Stenhouse Holdings' 51 per cent interest in these profits rose.

The pre-tax figure was after holding company's net expenses of £52,000 (£45,000) and goodwill amortisation of £171,000 (£76,000). First half tax was higher at £1.15m (£1.05m), leaving net profits of £1.5m (£1.45m). Stated earnings per 20p share rose from 3.1p to 3.9p.

Reed Stenhouse insurance broking companies had net commission and fees of £99.85m (£55.1m), and with interest and dividends received £4.72m (£5.05m), revenue was £74.27m against £60.29m. Operating expenses were £1.1m, considerably higher at £66.71m compared with £53.46m, and interest paid down to £2.01m (£1.64m). After associates' profits of £541,000 (£320,000) and minority debits of £516,000 (£389,000), pre-tax profits were £5.58m (£4.94m), of which £2.93m, as stated, was attributable to Stenhouse Holdings.

On April 23 1983 Reed Stenhouse Companies' issued 1.1m shares through a private placing

## ● comment

Stenhouse Holdings has produced a full profits report for the last four years. The market had hoped that 1983 would mark an upturn in the insurance brokers' fortunes, encouraged by the chairman's statement in February that profits from its 29 per cent Canadian subsidiary Reed Stenhouse should be maintained in the year. Yesterday's interim figures revealed a 14.2 per cent improvement in the pre-tax profits of Stenhouse with the gloomy comment from the company that it had had to mark down its anticipated 1983 contribution from Reed Stenhouse by some 20 per cent. Stenhouse, however, emerged with a profit of £1.5m last year. Stenhouse has made some gains in efficiency through the reorganisation of its U.S. general brokerage business following the acquisition by Reed Stenhouse last year of Schiff Turbine International, which had managed to contain its debt service charges and 57.4 per cent increase in Lloyd's associates' profits which should be repeated in the second half, (though it is unlikely to be maintained next year). Stenhouse needs a significant increase in premium rates around the world before it is going to rise off its profit plateau.

## DIVIDENDS ANNOUNCED

	Date	Corre-	Total	Total
	payment	of	spending for	last
		paymen-	div.	year
Construction Holdings	Int.	5.95	Aug 4	5.95
C.E. Beath	Int.	9.75	—	9.75
Higsons Brewery	Int.	0.4	—	0.4
Land Securities	Int.	6.25	July 15	5.85
London Atlantic Trust	Int.	3.5	July 1	3.25
London Trust	Int.	1.5	July 7	2.35
N. Atlantic Secs	Int.	1	June 27	1
Poly Peck	Int.	9	Oct 24	6.3
Redman Heenan	Int.	NIL	—	—
Ropner	Int.	2.75	June 30	2.67
Selincourt	Int.	NIL	—	0.01
Whitbread Invest	Int.	3.59	July 29	3.2
				5.35
				4.8

Dividends shown pence per share net except where otherwise stated.  
\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock \$ includes special payment of 0.35p.

## Royal Dutch/Shell £94m ahead in first quarter



Sir Peter Baxendell, senior managing director of the Royal Dutch/Shell Group

FIRST QUARTER net income of the Royal Dutch/Shell Group rose by £5m to £26m compared with the same quarter last year.

When calculated on a current cost of supplies basis (FIFO) the figure came through at £71.9m, an increase of £20.9m over the corresponding quarter.

The directors say the result covering the three months to end-March is considered satisfactory in the current circumstances, notwithstanding the fact that group sterling net income benefited from the weakening of the pound against most major currencies.

Sales proceeds and other operating revenues rose from £1.97m to £2.33m. These were subject to sales taxes, excise duties and similar levies totalling £2.09m compared with £1.79m.

A share of earnings of associates added £24.6m, against £23.0m previously, but interest and other income fell by £2m to £12m.

Group earnings from operations amounted to £88.9m, compared with £86.9m. A breakdown of these shows: oil and gas explora-

tion and production excluding Shell Oil and Shell Canada £44.9m (£20.6m); Shell Oil and Shell Canada added £22.4m (£22.0m); manufacturing, marine and petrochemicals, excluding Shell Oil and Shell Canada £24m (£25m); Shell Oil and Shell Canada incurred a loss £25.6m (£20m profit). Total oil and gas earnings including Shell Oil and Shell Canada were £67.2m (£55.7m).

Chemicals, excluding Shell Oil and Shell Canada, produced profits of £6m (£5 loss); Shell Oil and Shell Canada made profits of £12m (£5m); other industry segments incurred a loss of £3.1m (£3m profit). All comparisons have been restated.

Most Shell companies use the FIFO method of inventory accounting. In recent years there have been marked movements in crude oil prices which have made comparisons between periods difficult to convey. A better indication of the underlying business performance is achieved if the cost of sales of the volumes sold in the period

is based solely on the average cost of supplies incurred in the same period, and allowance is made for the estimated tax effects.

On this basis, estimated earnings would be oil and gas segment £88.9m (£86.9m) and chemicals segment £15m (loss £1.5m).

During the first quarter oil sales fell compared with the first quarter last year, due in part to milder weather.

Capital expenditure at £1.02bn was some 5 per cent below the level of the corresponding period last year and was financed from funds generated within the business.

Sir Peter Baxendell, senior managing director of the group, said that as 1983 goes on, the group has had some rather more cause for optimism about economic prospects than might have been expected when the year began.

On prospects for oil demand he said: "We can only specu-

late on the potential for demand revival if economic prospects do begin to improve. At present, it seems probable that 1983 oil demand will be around 1m barrels daily lower than 1982, although we are forecasting a slight upward trend towards the end of year, continuing into 1984."

Net earnings of Shell Australia fell by 5 per cent to A\$28.75m in the year ended December 31 1982. Sales, however, expanded by 14 per cent to A\$26.91m to A\$20.61m.

The directors point out that, although the decline compares well with the more serious downturn for other multinational oil groups in Australia it came after a 40 per cent fall the previous year.

They point out that the result was heavily affected by the group's massive investment programmes in coal, oil, gas and alumina which caused interest charges to rise sharply from \$33m to \$41m.

See Lex

## Ropner falls to £5.47m as interest costs rise

LOWER pre-tax profits have been produced by Ropner from £6.06m to £5.47m for the period to the end of December 1982, compared with the year to March 31 1982. Turnover rose from £28.91m to £29.05m.

The directors point out that, following the change of financial year from March 31 to December 31, only nine months results have been consolidated for the parent and shipping companies.

They say that had the previous year's figures been consolidated on the same basis the profit before tax would have been approximately £6.15m.

A breakdown of pre-tax profits shows: shipping £24.96m (£24.96m); engineering £2.83m (£2.83m); property development £1.38m (£1.38m).

The net final dividend has been lifted from 2.687p to 2.75p which raises the total from an adjusted 4.35p to 4.5p, after allowing for a one-for-two scrip last year. Earnings per share were shown as falling from 13.7p to 10.3p.

Pre-tax profits included investment income of £1.56m against £1.53m and amounts written off investments this time of £74.000. Interest rose sharply from £883,000 to £1.65m.

At the interim stage pre-tax profits rose from £2.47m to £2.55m, which left net profits of £2.52m (£3.15m) from which minorities took £214,000 (£149,000). There was an extraordinary credit of £227,000 (£339,000) being taken on the sale of a ship.

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## MINING NEWS

# Noranda heading out of the red

BY KENNETH MARSTON, MINING EDITOR

CANADA'S major natural resources group, Noranda Mines, is aiming at "a small profit for 1983 in copper, aluminum and zinc prices rise which we expect will happen." This was said by Mr Alfred Powis, the chairman, in remarks made after a meeting with securities analysts in Montreal.

He estimated that copper prices — currently just over 80 cents per pound — will reach 90 to 95 cents by the end of this year, while aluminum would go up about 86 cents from around 74 cents at present.

Noranda's capital spending this year is expected to fall to about C\$30m (£15.7m) from C\$70m in 1982, depending on the spending of smaller units of the company. The Golden Giant gold mine in the Hemlo area of Ontario where the company is linked in a joint venture with Golden Sceptre Resources and Gedata Gold Mines.

Mr Powis said that the loss of C\$2.9m for all of 1982, including extraordinary gains of C\$7.3m. However, this was after including extraordinary gains of C\$22.4m; without these the loss would have been over C\$29m.

Mr Powis said that the loss for the current quarter will be less than C\$30m. His hope of the full year thus indicates a good turnaround in the second half. But there is clearly a long haul

most of the Golden Giant property.

Meanwhile, Noranda is pressing on with its work on the Golden Giant prospect at Hemlo under the deal with Golden Sceptre and Gedata.

Noranda has the option to acquire a 50 per cent stake in the property by completing a feasibility study and bringing a gold mine to production before the end of 1984.

That study should be ready within two weeks and, said Mr Powis, adding, "we are 100 per cent in favour of it."

This does not surprise anybody, bearing in mind the fact that indicated ore reserves so far amount to 15m tons grading a good average 0.3 ozs (9.3 grammes) per ton gold.

It is shaping up to become the first producing gold mine in the existing mine, with a projected full milling rate of 500 tons a day by 1987 (of this 500 tons would be handled on behalf of the proposed adjacent mine of Tect and International Corvus Resources).

All this would cost some C\$20m and make Golden Giant the biggest gold producer in Canada.

There is, however, a snag. It is the continuing dispute with Lac Minerals over the ownership of the mining claims covering

most of the Golden Giant property.

We are convinced of our case and we have tried hard to settle on a friendly basis. But I can't say it won't go through the courts and that could take a lot of time and affect shaft location," said Mr Powis.

Time is not on the side of Noranda in view of the agreement requiring the property to be brought into production before the end of next year. And just there has to be a limit as to how much expensive development work Noranda will want to do

Such is life in the Canadian exploration scene.

## Mangula back in profit

THINGS have brightened for the struggling MTD (Mangula) copper producer in Zimbabwe, a subsidiary of South Africa's Messina (Transvaal). For the first half of the current financial year to September 30 Mangula had made a profit of £23.7m (\$51.1m), compared with a loss of £23.12m in the same period of the previous year.

Furthermore, the directors say that providing metal prices hold at their current levels there will be a further improvement in earnings during the current half.

## International round-up

Sabina Industries, which last week reported high gold values from its Red Lake prospect in Ontario, announced that Brantford Mining and Smelting has exercised an option to take a 70 per cent interest in Sabina's Nine Mile Brook lead-zinc-silver property in New Brunswick. Because of the cost of meeting its 30 per cent share of the Nina Brook ongoing exploration program, Sabina has settled for a net 12.4 per cent carried interest royalty.

\* \* \*

The 600,000-tonne-a-year Cook Colliery in Queensland, which Broken Hill Proprietary had planned to close, has been reviewed by the Australian Government's decision to allow two South Korean companies to take an equity stake in the operation.

The companies, Pohang Iron and Steel Corporation and Samsung Corporation, intend to take the full present capacity of the mine for at least the next five years, and to expand production to 800,000 tonnes a year in order to supply other markets.

McLennan McEacharn, an Australian group, will take up 60 per cent of the remaining equity in the colliery.

\* \* \*

A placement of 2.12m shares at 25 cents (14.2p) has been made by Australian natural

## BANK RETURN

	Wednesday May 18 1983	Increase (+) or Decrease (-) for week
--	--------------------------	---

### BANKING DEPARTMENT

Liabilities	£	£
Current Account	14,552,500	
Public Deposits	40,550,561	+ 5,127,097
Bankers Deposits	565,469,904	+ 85,135,470
Reserve and other Accounts	8,080,727,656	- 32,657,542
	<b>8,638,301,421</b>	<b>- 4,307,969</b>

### ISSUE DEPARTMENT

Liabilities	£	£
Notes Issued	11,150,000,000	+ 10,000,000
In Bank Department	11,147,850,000	+ 5,200,000
	<b>8,534,343</b>	<b>+ 4,692,258</b>
Assets		
Government Debt	11,015,100	
Other Government Securities	4,225,562,650	+ 133,472,595
Other Securities	6,818,323,550	- 123,475,565
	<b>11,150,000,000</b>	<b>+ 10,000,000</b>

## Granville & Co. Limited

(Formerly M. J. H. Nightingale &amp; Co. Limited)

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

### Over-the-Counter Market

	Gross Yield	P/E
High Low		
182-83 High Low	1.00 0.98	10.2
182-83 Ass. Brit. Ind. Ord.	1.02 0.98	10.2
182-83 Ass. Brit. Ind. C.U.S.I.	1.02 1.00	6.6 6.5
74-83 Alspur Group	1.02 1.00	5.1 5.0
45-83 Armitage & Rhodes	1.02 1.00	4.2 4.1
29-83 Barlow Hill	1.02 1.00	15.4 15.3
29-83 C.L. 11th Cent. Prod.	1.02 1.00	15.7 15.5
270-83 Cidico Group	1.02 1.00	17.6 8.4
88-83 Gaboray Services	1.02 1.00	6.8 3.2
87-83 Garside	1.02 1.00	10.0 8.8
87-83 Frank Horwell P. & D.	1.02 1.00	10.3
61-83 Frederick Parker	1.02 1.00	7.1 11.5
55-83 George Blair	1.02 1.00	5.8 12.2
103-83 Great Northern Holdings	1.02 1.00	7.3 8.7
175-83 Isle Conv. Pref.	1.02 1.00	15.7 8.0
149-84 Jackson Group	1.02 1.00	7.6 8.0
225-84 James Burrough	1.02 1.00	13.0 12.7
207-84 Johnson Matthey	1.02 1.00	20.0 13.0
88-84 Scrutons "A"	1.02 1.00	5.7 6.6
167-84 Torday & Cartlidge	1.02 1.00	11.4 10.0
28-84 Uniflock Holdings	1.02 1.00	5.1 8.8
88-84 Vicks	1.02 1.00	1.6 1.6
20-84 W. S. Yates	1.02 1.00	8.4 9.4
	1.02 1.00	4.8 7.0
	1.02 1.00	17.1 8.5
	1.02 1.00	4.1 8.5
Prices now available on Prestel page 48148.		

## Tempo Instruments & Controls Corp.

has been acquired through merger by a wholly-owned U.S. subsidiary of

## Bowthorpe Holdings PLC

We initiated this transaction, assisted in the negotiations and acted as financial advisor to Tempo Instruments & Controls Corp.

Merrill Lynch White Weld Capital Markets Group  
Merrill Lynch, Pierce, Fenner & Smith Incorporated

May 12, 1983

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$50,000,000

## GW Overseas Finance N.V.

(Incorporated with limited liability in the Netherlands Antilles)

## 7½% Convertible Subordinated Debentures Due 1998

Convertible into Common Stock of and guaranteed on a subordinated basis as to payment of principal, premium, if any, and interest by



## Great Western Financial Corporation

(Incorporated in Delaware)

The following have agreed to subscribe or procure subscribers for the Debentures:

Credit Suisse First Boston Limited

Blyth Eastman Paine Webber International Limited

Lehman Brothers Kuhn Loeb International, Inc.

Union Bank of Switzerland (Securities) Limited

Crédit Lyonnais

Dresdner Bank Aktiengesellschaft

Banque Paribas

Kleinwort, Benson Limited

Swiss Bank Corporation International Limited

Berliner Handels- und Frankfurter Bank

Creditanstalt-Bankverein

The Debentures, issued at 100 per cent, have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Gibbal Debenture. Interest is payable annually in arrears on 1st June, the first payment being made on 1st June, 1984. The Debentures are convertible into shares of Common Stock of Great Western Financial Corporation at a conversion price of U.S. \$33 per share.

Full particulars of the Debentures are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 6th June, 1983 from the brokers to the issue:

Rowe & Pitman,  
City-Gate House,  
39-45 Finsbury Square,  
London EC2A 1JA  
20th May, 1983

All these bonds having been sold, this announcement appears as a matter of record only.



## Red Nacional de los Ferrocarriles Españoles

Madrid

DM 100,000,000  
8½% Bonds due 1991guaranteed by the  
STATE OF SPAIN

### WESTDEUTSCHE LANDES BANK GIROZENTRALE

COUNTY BANK Limited

CREDIT COMMERCIAL DE FRANCE

DRESDNER BANK

Aktiengesellschaft

KREDIETBANK INTERNATIONAL GROUP MERRILL LYNCH INTERNATIONAL &amp; CO. NOMURA INTERNATIONAL LIMITED

ORION ROYAL BANK SWISS BANK CORPORATION INTERNATIONAL LIMITED

BANCO URGUJO HISPANO AMERICANO Limited

Lehman Brothers Kuhn Loeb International, Inc.

Lloyd Bank International Limited

LTGB International Limited

Manufacturers Hanover Limited

McLeod Young Weir International Limited

Merle, Finch &amp; Co.

B. Metzler &amp; Sohn, Söhne &amp; Co.

Mitsubishi Bank (Europe) S.A. Limited

Samuel Montagu &amp; Co. Limited

Morgan Grenfell &amp; Co. Limited

Morgan Guaranty Ltd.



## ROYAL DUTCH PETROLEUM COMPANY

(N.V. Koninklijke Nederlandse Petroleum Maatschappij)  
Established at The Hague, The Netherlands

### FINAL DIVIDEND 1982

The General Meeting of Shareholders of Royal Dutch Petroleum Company held on 19th May 1983 has decided to declare the final dividend for 1982 at Nfl. 4.65 on each of the 268,037,044 ordinary shares with a par value of Nfl. 10 outstanding at December 31, 1982, so that the total dividend for 1982, including the interim dividend of Nfl. 3.20 already made payable in September 1982, will amount to Nfl. 7.85 on each of the said shares.

In the case of holders of bearer certificates with coupons this final dividend will be payable against surrender of coupon No. 173 on or after 31st May 1983 at the offices of N.M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU on business days between the hours of 9.30 a.m. and 2 p.m.

Payment will be made in sterling at the buying rate of exchange current in Amsterdam at 2 p.m. on 24th May 1983 in the case of coupons presented on or before that date, or on the day of presentation in the case of coupons presented subsequently. Coupons must be accompanied by a presentation form, copies of which can be obtained from N.M. Rothschild & Sons Limited, and the face of each coupon must bear the stamp or other indication showing the name of the presenter.

Coupons must be left for an appropriate period for examination.

Shareholders may request payment of the dividend in a different currency. Information in this respect will be supplied by the paying agent upon request.

Netherlands dividend tax at the reduced rate of 15 per cent will be deducted from the gross dividend where:

(a) United Kingdom income tax has also been deducted;

(b) Coupons are presented on behalf of residents of the United States of America, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Ireland, Japan, Luxembourg, Netherlands Antilles, New Zealand, Norway, South Africa, Spain, Sweden or West Germany, provided they lodge the appropriate declaration form.

Netherlands dividend tax at the reduced rate of 20 per cent will be deducted from the gross dividend where coupons are presented on behalf of residents of Indonesia or Surinam, provided they lodge the appropriate declaration form.

In all other cases Netherlands dividend tax of 25 per cent is to be deducted.

In the case of shares whose dividend sheets were, at the close of business on 19th May 1983, in custody of a Depository admitted by Centrum voor Fondsenadministratie B.V., Amsterdam, this final dividend will be paid to such Depository on 31st May 1983. Such payment will be made through the medium of N.M. Rothschild & Sons Limited, after receipt by them of a duly completed CF Dividend Claim Form.

Where appropriate, the usual affidavit certifying non-residence in the United Kingdom will also be required if payment is to be made without deduction of United Kingdom income tax.

Where under the double tax agreement between the United Kingdom and the Netherlands, 15 per cent Netherlands dividend tax has been withheld, the 15 per cent Netherlands tax is allowable for a resident of the United Kingdom as a credit against the United Kingdom income tax payable in respect of the dividend. The deduction of United Kingdom income tax at the reduced rate of 15 per cent instead of at the Basic Rate of 30 per cent represents a provisional allowance of credit at the rate of 15 per cent.

20th May 1983 ROYAL DUTCH PETROLEUM COMPANY

**Paul W. Speicher Jr.**

MEPC plc regrets to announce the sudden death of Paul W. Speicher, Jr., president of MEPC American Properties Inc., on Wednesday, 18th May, in a boating accident near Dallas.

Paul Speicher has been president of MEPC American for three years. He impressed all who knew him and worked with him with his intellect, common sense, integrity and delightful personality.

He will be sadly missed among his friends in the U.K. as well as in America.

## CORPORATE FINANCE

A Financial Times Survey to be published on July 6th 1983

For further details and Advertisement rates please contact:

Guy Mainwaring-Burton Tel: 01-248 8000 Ext 3606

## ANGLOVAAL GROUP

### DECLARATION OF PREFERENCE DIVIDENDS

DIVIDENDS HAVE BEEN DECLARED payable to holders of preference shares registered in the books of the undermentioned companies at the close of business on 3 June 1983. The dividends are declared in the currency of the Republic of South Africa. Payments from London will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 13 June 1983, or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the London Secretaries of the Companies. Warrants in payment of the dividends will be dated 1st or 2nd June 1983. The transfer books and registers of members of the companies will be closed from 4 June to 10 June 1983, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

Name of company	Class of share	No.	Amount per share	Dividend declared
Anglovaal Limited	6% Cumulative redeemable	90	1	1
Anglovaal Limited	5% Cumulative redeemable	71	1	1
Middle Westparks (Western Areas) Limited	4% Cumulative redeemable	22	1	1

By order of the boards  
Anglovaal Limited  
Secretaries  
per: E. G. D. Gordon

London Secretaries:  
Anglo-Transvaal Trustees Limited  
296 Regent Street  
London W1R 8ST  
19 May 1983

Registered Office:  
Anglovaal House  
56 Main Street  
Johannesburg 2001



### ATLANTA TRUST

The directors and the advisers of Atlanta, Baltimore and Chicago Regional Investment Trust recommend shareholders to accept the Morgan Credit offer "as soon as possible and in any event not later than May 31, 1983, as the offer will not be open for acceptance thereafter."

### BORTHWICK LAND DEAL IN AUSTRALIA

Thomas Borthwick and Sons' Australian subsidiary has reached agreement with Brisbane City Council for the sale to them of surplus land of approximately 87 acres. This land represents the majority of the company's investment in the Moreton abattoir which ceased processing on April 7 1981.

The consideration, which creates a new book value, amounts to A\$10.6m (approximately £1.75m) and is payable in three instalments: an initial deposit of A\$2.50m (£140,000) received on May 13 1983; a further payment of A\$1.75m (£1m) due on or about June 2 1983, and the balance of A\$10.6m (£600,000) is due on July 14 1983.

The consideration, which creates a new book value, amounts to A\$10.6m (approximately £1.75m) and is payable in three instalments: an initial deposit of A\$2.50m (£140,000) received on May 13 1983; a further payment of A\$1.75m (£1m) due on or about June 2 1983, and the balance of A\$10.6m (£600,000) is due on July 14 1983.

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At their Annual General Meeting held on 27th April 1983 under the chairmanship of Mr. Michel Freyche, Chairman of the Bank, who was assisted by Mr. Albert Bouvier, General Manager, the shareholders of the BFCE received the report of the Board of Directors and those of the Auditors and then approved the balance sheet and accounts as at 31st December 1982 and the distribution of the profits for the year.

The balance-sheet total for France and foreign branches rose from F 188.8 to 231.3 billion, thus recording an increase of 22.5% over 1981.

Interbank lending and advances to customers totalled F 67.5 billion; approximately half of the substantial increase of F 16.3 billion in this item occurred in foreign currency operations transacted in France or by foreign branches.

Short, medium and long-term export finance requiring BFCE intervention came to F 144.8 billion, an increase of 12.4%.

The gross profit from banking operations totalled F 1,559 million; the increase of 17% was less than that

recorded in 1981, primarily on account of the persistent adverse differential between bank base rate and money market rates.

After depreciation and the allocation of further large sums to provisions for credit risks, which were justified yet again by the deterioration in the financial situation of corporate or sovereign borrowers, net profits for 1982 came to F 50,936,000, compared with F 56,539,000 in 1981, and were due in almost equal proportions to business in France and that of the foreign branches.

The allocation of the profits included the distribution of a dividend unchanged from the previous year, namely 7.5% plus tax credit; in addition, a total of F 10.8 million was credited to the Legal Reserve and the General Reserve.

Taking account of this distribution and the increase in the capital from F 300 to 660 million, the Bank's total own funds and long-term resources now stand at F 2,634 million, compared with F 2,221 million at the end of the previous financial year.

### BANQUE FRANCAISE DU COMMERCE EXTERIEUR

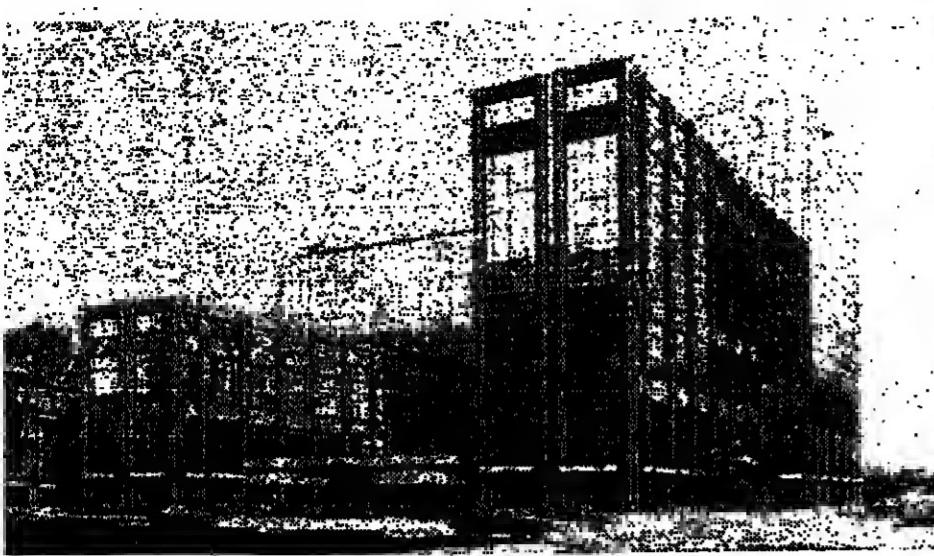
21 boulevard Haussmann, 75427 Paris Cedex 09, tel. 247-1747

## WestLB Euro-Deutschmark bond Quotations and yields (Cont'd)

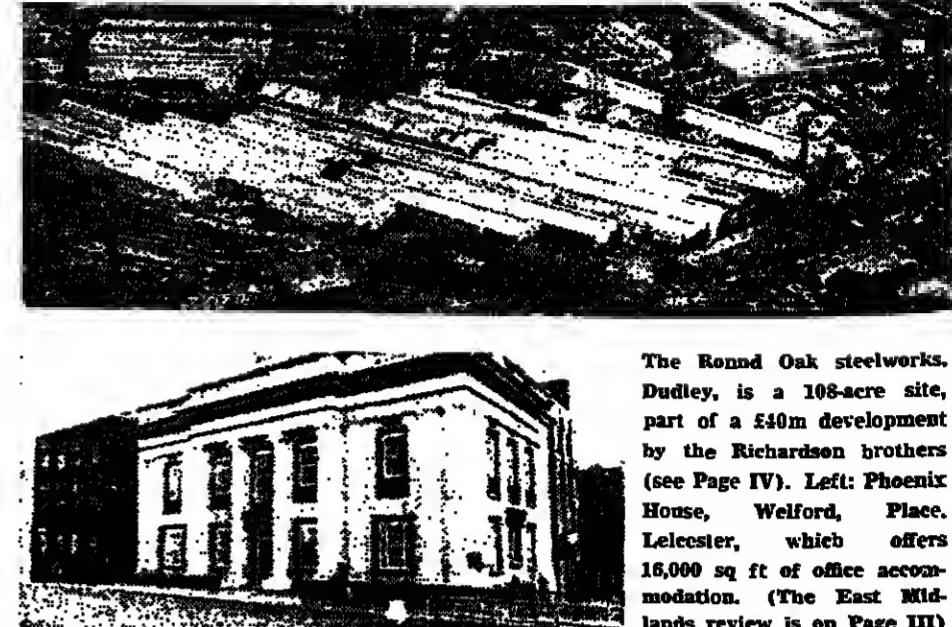
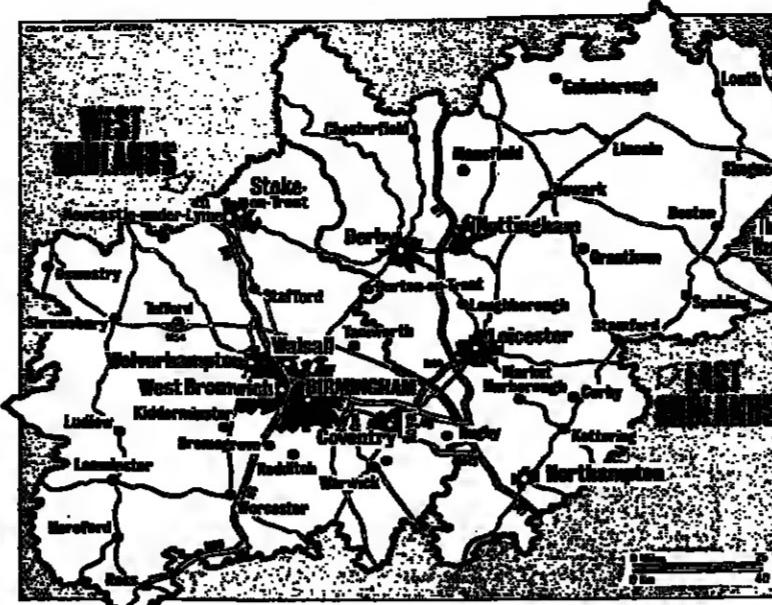
Issue	Middle Price	Current Yield	*Yield to Maturity	*Life	Repayment D-mandatory -drawing by lot at par S-sinking fund P-purchase fund	Issue	Middle Price	Current Yield	*Yield to Maturity	*Life	Repayment D-mandatory -drawing by lot at par S-sinking fund P-purchase fund
5% Routemuki 78/84-880 (G)	94.35	6.09	8.05	2.84	1. 4.88	8% Westland-Utrecht 80/87 PP	102.76	8.78	8.22	4.50*	1. 11.87
7% Red Paper 75/78-885 .....	95.70	7.27	7.31	4.87	1. 1.88	5% Wurdbank 80/87-885	99.75	5.51	5.72	1. 1.89	1. 4.89
7% Renault 80/85 (G)	101.00	7.43	8.59	2.34	1. 1.88	5% Wurdbank 80/87-840 PP	99.75	5.52	5.82	0.87	2. 1.84
10% S.A. 78/84-880 PP .....	100.00	7.50	7.50	3.17	1. 1.88	5% Wurdbank 80/87-840 PP	100.75	5.52	5.82	0.87	1. 1.84
8% Renfe 77/84 (G)	101.00	7.82	8.42	0.32	1. 4.84	5% Wurdbank 80/87-840 PP	98.75	6.52	6.82	0.67	2. 2.84
7% Renfe 79/87 (G)	97.00	7.22	7.94	4.09	1. 5.87	8% Wurdbank 80/87-840 PP	98.50	6.03	6.86	0.92	1. 4.84
10% Renfe 82/87 (G)	106.00	8.25	8.25	9.04	1. 12.82	5% Wurdbank 80/87-840 PP	104.00	7.58	8.28	1. 1.85	1. 1.88
5% Ricoh Comp. 78/83	95.50	5.28	5.55	0.23	1. 8.83	7% Wurdbank 77/77-885	102.25	5.51	5.72	1. 1.88	1. 1.88
7% Roy Bk of Canada 80/80	102.50	7.56	7.28	7.25	1. 1.80	5% Wurdbank 77/77-840 PP	99.75	5.52	5.82	0.87	2. 1.84
6% Roy Lasse 79/84 PP .....	98.00	8.78	8.60	1.42	1. 1.88	5% Wurdbank 77/77-840 PP	100.75	5.52	5.82	0.87	1. 1.84
7% Sabadell 77/84-885 .....	100.00	7.67	7.67	2.07	1. 1.88	5% Wurdbank 77/77-840 PP	98.75	6.52	6.82	0.67	2. 2.84
7% Sesa Petrikrom 77/83-876 PP .....	97.00	8.37	8.17	1.77	1. 7.87	8% Wurdbank 77/77-840 PP	98.50	6.03	6.86	0.92	1. 4.84
7% Sandvik 72/78-870	100.00	7.60	7.60	2.17	1. 2.87	5% Wurdbank 77/77-840 PP	101.25	7.58	8.28	1. 1.85	1. 1.88
5% Sanofi 78/84-880 .....	104.00	6.83	6.51	0.75	1. 1.84	5% Wurdbank 77/77-840 PP	104.00	7.58	8.28	1. 1.85	1. 1.88
5% Sanoil 82/87 (G)	101.20	6.15	6.15	1.22	1. 12.87	5% Wurdbank 77/77-840 PP	102.25	5.51	5.72	1. 1.88	1. 1.88
5% Selyv Stora 80/86 PP .....	99.00	7.73	7.24	1.36	1. 8.86	5% Wurdbank 77/77-840 PP	100.75	5.52	5.82	0.87	2. 1.84
5% Skf Int'l 72/80-875	102.50	8.34	5.60	2.39	1. 4.87	5% Wurdbank 77/77-840 PP	102.25	5.51	5.72	1. 1.88	1. 1.88
5% Skf Int'l 77/81-885	95.50	5.57	5.17	1.30	1. 1.88	5% Wurdbank 77/77-840 PP	102.25	5.51	5.72	1. 1.88	1. 1.88
5% Skf Int'l 77/86-880	104.00	8.17	5.88	1.58	1. 1.88	5% Wurdbank 77/77-840 PP	102.25	5.51	5.72	1. 1.88	1. 1.88
5% SNCF 85/87-883 (G)	88.95	8.50	8.50	1.42	1. 1.88	5% Wurdbank 77/77-840 PP	100.75	5.52	5.82	0.87	2. 1.84
5% SNCF 85/89-883 (G)	103.00	8.37	8.00	6.02	1. 5.82	5% Wurdbank 77/77-840 PP	99.50	8.41	8.57	2.94	1. 5.88
5% Soc Dev Reg 78/83-880 .....	101.25	7.41	6.84	2.15	1. 4.86	5% Wurdbank 77/77-840 PP	100.75	5.52	5.82	0.87	1. 1.84
5% Soc Dev Reg 77/83-820 PP (G)	93.00	6.72	6.05	4.81	1. 16.22	5% Wurdbank 77/77-840 PP	100.25	6.73	8.21	0.69	1. 12.83
5% Soc Dev Reg 77/83-820 PP (G)	95.25	6.30	7.30	0.71	1. 1.84	5% Wurdbank 77/77-840 PP	101.25	7.58	8.28	1. 1.85	1. 1.88
5% Soc Dev Reg 78/83-820 PP (G)	95.25	6.30	7.30	0.71	1. 1.84	5% Wurdbank 77/77-840 PP	101.25	7.58	8.28	1. 1.85	1. 1.88
5% South Africa 78/84-880 .....	103.00	5.21	5.03	1.48	1. 11.85	5% Wurdbank 77/77-840 PP	98.50	6.52	6.78	2.00	1. 5.85
5% South Africa 77/83-885 .....	104.50	7.42	5.56	2.13	1. 11.85	5% Wurdbank 77/77-840 PP	100.35	6.52	6.78	2.37	1. 5.85
5% South Africa 78/84-885 .....	99.00	7.07	7.28	4.50	1. 11.87	5% Wurdbank 77/77-840 PP	102.00	6.51	6.78	2.05	1. 5.85
5% South Africa 78/84-885 .....	99.00	5.92	5.92	1.37	1. 1.88	5% Wurdbank 77/77-840 PP	102.00	6.51	6.78	2.05	1. 5.85
5% South Afr Oil Fund 79/83 PP (G)	99.75	8.02	6.36	0.50	1. 1.88	5% Wurdbank 77/77-840 PP	100.65	6.71	8.42	2.30	1. 3.87
5% South Afr Oil Fund 79/83 PP (G)	88.50	8.78	9.84	0.84	1. 1.88	5% Wurdbank 77/77-840 PP	98.35	6.22	6.84	2.54	1. 5.88
5% South Afr Railway 78/84-880 .....	100.00	7.65	7.65	0.50	1. 1.88	5% Wurdbank 77/77-840 PP	100.00	6.74	8.81	6.55	1. 12.88
5% South Afr Railway 78/83-880 .....	100.00	7.65	7.65	0.50	1. 1.88	5% Wurdbank 77/77-840 PP	100.00	6.74	8.81	6.55	1. 12.88
5% South Afr Railway 78/83-880 .....	100.00	7.65	7.65	0.50	1. 1.88	5% Wurdbank 77/77-840 PP	100.00	6.74	8.81	6.55	1. 12.88
5% South Afr Railway 78/83-880 .....	100.00	7.65	7.65	0.50	1. 1.88	5% Wurdbank 77/77-840 PP	100.00	6.74	8.81	6.55	1. 12.88
5% SWH 79/80-880 .....	100.50	8.28	5.92	1.77	1. 1.88	5% Wurdbank 77/77-840 PP	100.00	6.74	8.81	6.55	1. 12.88
5% Spain 77/84 .....	100.50	8.71	8.25	1.25	1. 1.88	5% Wurdbank 77/77-840 PP	100.00	6.74	8.81	6.55	1. 12.88
5% Spain 78/84 .....	100.50	8.02	5.22	1.37	1. 1.88	5% Wurdbank 77/77-840 PP	100.00	6.74	8.81	6.55	1. 12.88
5% Stand Chark 76/78-880 .....	87.25	8.08	7.20	4.67	1. 1.88	5% Wurdbank 77/77-840 PP	100.00	6.74	8.81	6.55	1. 12.88
5% Statoil 76/84-885 (G)	99.50	8.27	8.27	1.11	1. 1.88	5% Wurdbank 77/77-840 II PP	100.50	7.84	7.84	0.87	1. 1.88
5% Statoil 76/84-885 (G)	99.50	8.27	8.27	1.11	1. 1.88	5% Wurdbank 77/77-840 II PP	100.50	7.84	7.84	0.87	1. 1.88
5% Statoil 76/84-885 (G)	99.50	8.27	8.27	1.11	1. 1.88	5% Wurdbank 77/77-840 II PP	100.50	7.84	7.84	0.87	1. 1.88
5% Statosteel 77/82-880 .....	100.50	6.94									

## PROPERTY IN THE MIDLANDS

FINANCIAL TIMES REPORT



Artist's view of Colmore Court, Birmingham. Viking Property Group has started work on this major new office complex at Snow Hill in the city centre. (West Midlands review is on Page III)



The Ronnd Oak steelworks, Dudley, is a 108-acre site, part of a £10m development by the Richardson brothers (see Page IV). Left: Phoenix House, Welford, Place, Leicester, which offers 15,000 sq ft of office accommodation. (The East Midlands review is on Page III)

"NO ONE is throwing their hats into the air yet—nor will they until the apparent upturn in the economy recorded in the last few weeks has been sustained for a much longer period." That view, expressed by Dr Kevin Hawkins, director of the West Midlands region of the Confederation of British Industry, is reflected right across the Midlands.

Three years of unrelenting recession has opened up the divide between the west and east of the region. The mid-motoring forms an almost symbolic barrier. On the one side the once-prosperous West Midlands, with its heavy dependence upon the troubled vehicles industry, has seen unemployment soar to 15.5 per cent. On the other, the East's diversity. The level of jobless, at 11.6 per cent, remains a full percentage point below the national average.

For estate agents across the region the problem is common. The traumatic pace of company closures and redundancies has left the market awash with factories and warehouses—many of them old-fashioned, badly located and fit only for demolition.

The decline of manufacturing has consequences for the service sector: the towering glass office blocks erected in the optimism of the 1970s property boom remain empty or half-filled. Leicester is the Midlands city often highlighted for its office glut, but the problem of vacant space, lagging rents and undeveloped sites is common.

Birmingham city centre provides one of the few bright spots

with a series of important office projects already in progress or imminent. Confidence has been given a lift by the announcement from Viking Property that it has secured two large plots for the vital redevelopment of the 64-acre Snow Hill station site.

Work is also expected to start this autumn on the £35m development of Paradise Circus—a long-awaited scheme which involves 180,000 sq ft of offices and a new hotel. The key to the go-ahead is the proposed £4.5m cash injection under the Government's new Urban Development Grant.

Most estate agents report they have evidence of the fluttering of an upturn in economic activity in the early months of this year. But, perhaps conditioned by the disciplines of a buyers' market, they are sceptical. In a maturing and thin market the optimism of an agent probably reflects only the value of the deal he has just done.

The uncertain business climate is hardly one likely to attract the attention of developers. But comfort is taken merely from the hope that the downward slide has been halted: nowhere is that more apparent

than in the retail sector where, even in a region hit by the reduced purchasing power of the unemployed, renewed optimism and interest in properties is reported.

Even in the East Midlands, where Mr Ken Barnes, the regional director of the CBI, says the improved mood of confidence is similar to that reflected in the latest national survey, there is caution.

## More inquiries

The key factor for the property market is investment intentions and here Mr Barnes speaks of more inquiries from small firms in the wake of the Budget and reports of big companies "dusting down" their proposed capital programmes.

As yet, however, there is no evidence of companies making a commitment to the long term. Fluctuations in activity owe more to changes in stock levels than real investment.

Dr Hawkins in the West Midlands repeats the conventional wisdom that any recovery is from a very low base. Yes, the number of companies reporting an increase in both house and

export business is greater now than at any time since 1979. Yes, confidence is higher and executives expect things to get better.

But Dr Hawkins does not dodge the fact that "there is no indication of any upturn in investment." He says: "The recovery—such as it is—leaves an awful lot of spare capacity and therefore high unit costs."

He complains that many companies are still too highly geared and with a high level of real interest rates face cashflow constraints. "We really do need a substantial reduction in interest rates and a higher level of retained earnings in order to finance new investment."

The West Midlands Engineering Employers Association takes an even gloomier view of prospects. Mr Reg Parkes, the president, says the upturn in the economy apparent in the first quarter of the year has passed over the past few weeks.

He reports that orders in April were slightly up on 12 months ago but nevertheless down on the previous month. It is against this bleak economic backdrop that various public sector initiatives are taking

place with the aim of stimulating confidence and investment. In the East Midlands' soundings have been made about the possibility of forming some sort of regional organisation to provide a joint platform for the various local authorities in attracting new industry.

As yet, the common pain has not been sufficient to provoke a common response. Perhaps that is understandable in a region that lacks a real identity and where economic strength derives from the diversity of industry. Each authority is pursuing its own package of incentives to ease the way for commercial development and encourage the growth of local employment.

By contrast, the West Midlands, also noted for its individualism and fiercely independent local political loyalties, appears prepared to sink differences and unit behind a proposed industrial development association.

The change of heart reflects the traumas of the rapid decline of the manufacturing base. The West Midlands Chamber of Commerce pointing out that 324,000 jobs have been lost in recent years, have called for

urgent government action to save the region from "an unemployment crisis of major proportions."

The real pressure for a change of direction has come from the ranks of big business. The West Midlands CBI leadership has diverted controversial calls from members for the Industry Department.

A key role for the specially recruited eight-man "team" of civil servants will be to encourage local businesses to take up the various forms of government assistance now available.

## Negotiations continue

Businessmen are demanding a leading role in the proposed new body which is likely to be formed under the chairmanship of a prominent industrialist next month. Negotiations are continuing about representation but the association is likely to be funded on a tripartite basis by industrialists, local authorities and the Department of Industry.

The Government finance was part of the package of special assistance for the West Midlands announced just after the Budget by Mr Patrick Jenkin, the Industry Secretary. He talked of the need to modernise plant, design products and seek markets.

Central to that aim is the setting up of an innovation team, headed by Mr John Butcher, a junior minister in the Industry Department.

A key role for the specially recruited eight-man "team" of civil servants will be to encourage local businesses to take up the various forms of government assistance now available.

An element of the Jenkin package of keen interest to developers is the offer of help from the English Industrial Estates Corporation, a government-backed agency that normally confines its activities to promoting schemes in the assisted areas.

The corporation is still carrying out studies in the region.

One possibility is the announcement of a large scheme aimed at boosting confidence and setting a lead for the private sector.

Whatever party is elected on June 9 it can be sure that unless it progresses to halt the economic decline in the West Midlands, the cry is likely to go up for assisted area status. The pressure will come not just from the trade unions but from the influential business lobby.

To concede such status to a once-prosperous region against which the whole thrust of post-war regional policy has been directed would surely discredit totally the existing pattern of aid.

structure and road and rail links—moves which could again unlock land for commercial development.

The highly interventionist role of Mr Butcher and his innovation team symbolises the somersault in government policy since the early days of 1979 when Sir Keith Joseph, the former Industry Secretary, adopted a notorious stance of non-involvement.

The Industry Department to some extent is clawing back the initiative from Environment which, under Mr Michael Heseltine, its former Secretary, took a leading role in stimulating economic development, whether through the Inner City Aid schemes, the promotion of private-sector-backed enterprise agencies or the recent Urban Development Grant.

The West Midlands Industrial Development Association will go ahead regardless of the outcome of the election. Its process or otherwise could be important to the future evolution of Britain's much-criticised traditional structure of regional aid. The present Government shelved plans for reform.

Whichever party is elected on June 9 it can be sure that unless it progresses to halt the economic decline in the West Midlands, the cry is likely to go up for assisted area status. The pressure will come not just from the trade unions but from the influential business lobby.

To concede such status to a once-prosperous region against which the whole thrust of post-war regional policy has been directed would surely discredit totally the existing pattern of aid.

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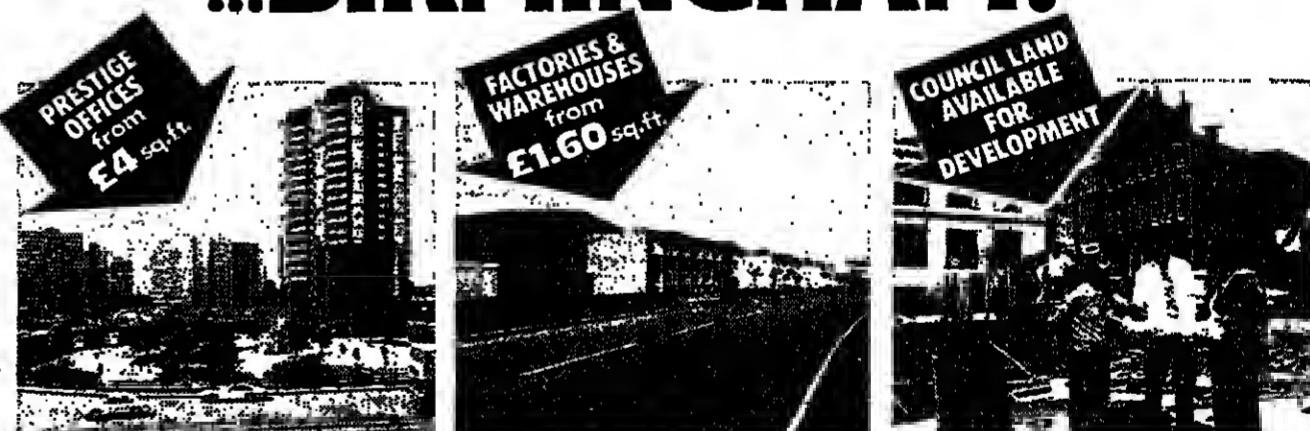
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## PROPERTY IN THE MIDLANDS — II

How the recession has affected markets  
in the West Midlands

### Confidence returns to office sector

THE ALREADY bubbling Birmingham office market has been given a double boost with announcements about projects that have hung over the market for more than a decade.

Viking Property, of Derby has not only started work on redevelopment of the six and a quarter acre Snow Hill station site—vacant since 1972—but has grabbed two big prelets.

The Sun Alliance Insurance Group, which is backing the first two blocks in the development, is taking 66,000 sq ft as its new regional office. International accountants, Arthur Young McLellan Moore and Co, has agreed terms to take the lease on the next 40,000 sq ft 10-storey block.

The go-ahead is also imminent, thanks to a government cash injection of £4.5m under the new Urban Development Grant system, of the much-delayed £25m Paradise Circus project. There is provision on the site, known as the 'hole in the heart of the second city,' for more than 180,000 sq ft of offices, a hotel, Shakespeare memorial library and extensive conference facilities.

Since recession began to hit some three years ago, whatever office development has taken place in the West Midlands has tended to be concentrated upon Birmingham city centre. Schemes in the suburbs of Solihull, Edgbaston and Sutton Coldfield have been essentially small-scale.

#### Slow rents rise

In spite of the economic gloom and the shakeout of office requirements, agents have maintained confidence that rents will continue to rise—albeit slowly. Developers clearly share that view as far as prime sites are concerned and the pace of activity has quickened over the past 18 months.

Tarmac Properties set the pace last year by embarking upon a 120,000 sq ft scheme on a site in Victoria Square opposite the town hall which is due for completion next year.

Embassy developments started later with a 60,000 sq ft project at the junction of Cornwall Street and Church Street, but opted for a quick-build system in order to hit the market, by autumn.

Perhaps the scheme awaited with most interest is that planned by W. A. Blackhurst, of Coventry, who agreed to pay a record £3.6m in Birmingham for a small, though prime, site near to the local Bank of England office. The developer has blamed technical problems "for the delay in starting and insists the project will go ahead as soon as possible."

The durability of the present upturn in economic activity will be crucial to all future lettings and developments.

Agents Edwards Bigwood and

Bewlay report that enquiries from both the public and private sectors have increased considerably over the past two months.

"The indications are that 1983 will see a significant increase in the take-up rate," says Mr Tony Ramsden.

Both in the offices and industry sector the West Midlands must look to the upturn from a very low base.

Mr Ramsden points out that only 45,000 sq ft of modern offices were let in the Birmingham city centre over the past 12 months. A further 30,000 sq ft went in Edgbaston.

But Mr Ramsden maintains that inquiries are now running at such a level that the Birmingham office market could change dramatically. A factor in any such turnaround will be how quickly the two new blocks that have just come onto the market can be let.

**Opened in March**

Berwick House, a 60,000 sq ft development by Ulster Properties, in Great Charles Street was officially opened in March and a rent of around £6.50 a sq ft is being asked.

A single tenant is being sought for Civic House, a recently completed project, offering 80,000 sq ft and for which a rent of around £7 a sq ft will be required.

The West Midlands has lost out in failing to attract any significant company of size relocating from London. The second city with its good rail and road links is perhaps seen as almost too close to the capital.

Indeed Birmingham has suffered from the recent rapid erosion of the local manufacturing base with companies tending to concentrate their head office activities in London rather than the region.

Good examples of potential head office accommodation are the three major blocks available by BL. The former Leyland House, adjacent to Coventry Station, has some 120,000 sq ft. International House, with 60,000 sq ft at Bickenhill, is convenient for Birmingham International railway station, the airport and the motorway system. Nearby at Solihull is the modern Four Oaks House with 80,000 sq ft. These last two properties are on offer at

rents of around £7 a sq ft.

There is concern by local authorities throughout the region to improve the image of the West Midlands in order to attract new investment. The Conservative-controlled Birmingham City Council has identified office-based commerce as "the greatest opportunity for increases in the West Midlands over the next 10 years."

There is a determination to develop office potential to the full and ambitious proposals to establish Birmingham as the home of International Convention Congress. Such plans which would involve a five to ten year building programme are clearly likely to be a significant long-term factor affecting future office development.

Office sites have already been identified by the city council on Broad Street which is seen as important to any convention centre because it forms the link between the city centre and the Edgbaston complex of offices.

The Paradise Circus project at the city end of Broad Street will clearly be important as to how quickly plans for the convention centre take shape.

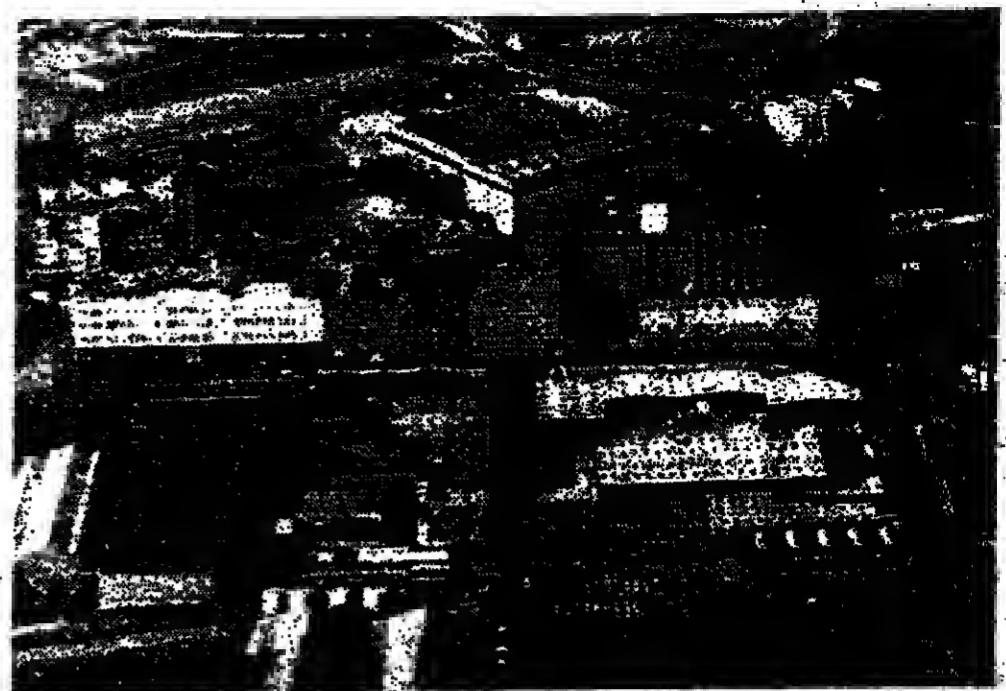
Work on the 2.5-acre site which has remained undeveloped for eight years is expected to start this autumn with a view to completion by the end of 1986. Henry Boot (Developments) who have been in discussions with the planners for two years will carry out the project central to which is the new Penta Hotel. The first phase of the office development, to be called Chamberlain House, will offer around 36,000 sq ft.

**Snow Hill site**

Equally important to confidence in the city is the start on the Snow Hill site, a scene of growing dereliction since the station finally closed more than 11 years ago. Development is being carried out by Viking in conjunction with the British Rail Property Board, which owns four fifths of the land, and the city council which owns the rest.

The scheme, called Colmore Court, has four linked blocks, three of which form a plaza fronting on to Colmore Row.

The first two blocks, totalling 66,000 sq ft regional headquarters on completion,



### Bruising time for industry

expected around the middle of next year.

The next 40,000 sq ft will go to Arthur Young McLellan with a further 77,000 sq ft to follow.

An added complication on the project is the plan by the West Midlands Passenger Transport Executive to build a new station

to bring commuters into the heart of the city's commercial area.

While agents report greater confidence in the belief that lettings will improve this year, the number of city centre projects completed or under way may not be sufficient to meet demand for a number of years.

In Edgbaston, still suffering from the surge of office building in the 1970s, developments tend to be limited and small scale. The great demand is for individual accommodation with its own front door and 24-hour access. These command rents of between £5 and £7 a sq ft.

The buildings that went up in the boom of the mid-1980s now look dated and are difficult to let. Refurbishment schemes are likely to continue to increase in order to move the space.

Solihull has emerged as an important office location. The pace of development has slowed but the first phase of a 35,000 sq ft development, St Catherine's Court, should be ready by the autumn.

Another interesting project is planned by the Industrial and Commercial Finance Corporation which is developing a 60,000 sq ft regional headquarters on a prestige site near the centre of Solihull.

As the institutions have held back from committing funds to a region with obvious structural problems and a bad public image it has been the private companies such as Richardson Developments and William Somerville and Son which have moved in to buy up and refurbish the old factory buildings.

Any talk of a possible upturn in the industrial market is tentative and there is little prospect of speculative development on any scale. One encouraging sign, however, is renewed interest by developers in acquiring well-positioned sites in the hope the economy might be on the turn.

Rents in the current competitive market tend to be a matter for negotiation. Incentives offered to prospective tenants range from reverse premiums to generous rent and rate-free periods. On a more personal basis there are offers of free motor cars or holidays overseas.

In Birmingham the going rate for new industrial property of say 5,000 sq ft has held fairly firm at around £2.20 a sq ft. Smaller units are at a premium and might fetch up to £2.65 a sq ft. Rents will obviously vary according to quality, local supply and locations.

Similarly, freehold values span a wide range. Prime buildings and land have held their price, but multi-storey factories and poorly located sites have dropped by anything up to 50 per cent.

Prices can be as low as £50,000 an acre in Walsall and Darlaston compared with an average for the Black Country as a whole of around £50,000. By contrast prime sites in Birmingham or Solihull can achieve upwards of £80,000 an acre.

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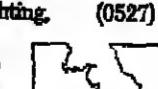
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## PROPERTY IN THE MIDLANDS - III

The East Midlands is awash with vacant office and industrial accommodation

### Backlog of office space to clear

**THE EAST MIDLANDS** is still suffering from the office building boom of the 1970s. Even the recent flurry of interest in accommodation reported by local agents will do little to clear the backlog of empty buildings.

Leicester, where modern offices are on offer at £1 a sq ft and even then agents will do special rent-free deals, remains the extreme example of the problem.

In the words of one agent who reports vacant space has risen over the past 12 months to push the total to more than 600,000 sq ft. "There are new office blocks in this city that have stood empty for 10 years and are likely to stand empty for at least another 10."

Lettings of the better quality and well-located accommodation continues, but slowly. Rents of around £3 a sq ft have been realised in the prime New Walk professional area, though the going rate is usually somewhat below that figure.

Elsewhere in the city centre, space is on offer at £1.50 a sq ft — shortage of parking facilities will in some cases tend to depress rents. The oversupply is most glaring around the ring road, where the £1 a sq ft asking rent is often negotiable. "In truth, prospective tenants can come in and do their own deal," one agent reports.

Because the Leicester City Council continues to levy half rates on empty property the lessor may be prepared to offer a rent-free period merely to defray some of the outgoings.

Nottingham, which escaped the vigorous attention of the developers in the previous boom, presents a much more balanced picture. Agents report a slight upturn in lettings and inquiries in recent months. Demand has



Left: St John's House, East Street, Leicester with net let area of 1,750 sq ft. Above: Marlborough House, Welford House, Leicester with 2,200 sq ft open plan office suite to let on the fourth floor

been consistent for good quality modern accommodation.

Much of the available space tends to be concentrated in numerous small suites and there is a shortage of accommodation offering around 20,000 sq ft — a factor which agents hope will push rents beyond the £2 a sq ft mark and open the way for profitable new developments.

The space available in nearby Leicester have clearly acted as a drag on the Nottingham market but rents have been creeping upwards over the past couple of years and agents expect the trend to continue.

The greater interest by high technology companies in recent months is something which the Nottingham City Council wants to encourage. Mr Malcolm Gilbert, industrial and commercial development officer for the local authority, maintains it is not merely a question of providing space in conventional offices. He believes there is demand

for new industrial units which offer perhaps 20 to 30 per cent office space.

"Companies increasingly need to get a closer link between the traditional concepts of manufacturing and white-collar activities," he says.

In Derby, where the market was again flooded by developments in the 1970s, the amount of space is gradually being reduced — not in the main through big lettings but by splitting the blocks to attract small business.

The best example of the policy of going for the small tenants is provided at Saxon House, one of four blocks in the 180,000 sq ft development at Heritage Gate, Friar Gate. The £3,000 sq ft at Saxon House is now fully let at rents of between £1.50 and nearly £2. Units were offered from 250 sq ft upwards.

Roman House, with 32,000 sq ft was sold freehold to Derby City Council. Celtic House, 46,000 sq ft, and Norman House,

68,000 sq ft remain substantially unlet.

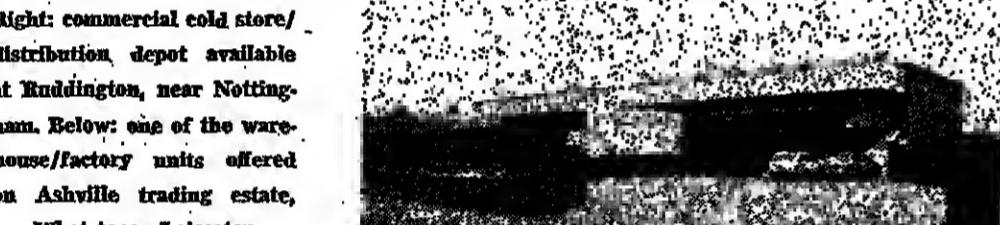
The key letting last year was the 180,000 sq ft Greyfriars House, Nottingham Road. This building had stood empty for some years as the Development Corporation held out to attract one large tenant.

Rents for prime accommodation have held firm at around £4.50 to £5 a sq ft but local agents, Wilson and Partners, are now asking £5.50 a sq ft on two new developments.

Mr Tony Hewitt, of Wilsons, says there is "strong interest" in Princely House (21,500 sq ft) and Edge House (17,500 sq ft) both of which are in the Cliftonville area close to the town centre.

Agents report an upturn in inquiries this year which they attribute to growing business confidence and the attractions of the town for companies considering relocation from London.

Right: commercial cold store/distribution depot available at Ruddington, near Nottingham. Below: one of the warehouse/factory units offered on Ashville trading estate, Whetstone, Leicester



### Companies find bargains in buyers' market

AGENTS in the East Midlands, noted for its diverse and prosperous manufacturing economy, have learned to live during the past three years of recession with a market awash with industrial floorspace.

Even the undoubted upturn in inquiries and lettings in the first months of this year are treated with some scepticism. The market is patchy, fluctuates, and lacks one important element — consistency.

Mr Stephen Galloway, of Frank Innes, Derby, reports that the first quarter was the best period for two to three years: "It was like a madhouse. We did more deals than for the previous six months if not longer." But since Easter the market has gone quiet, a change noted by other agents in the region.

Mr Tony Barrie, of Bonfield First Turner, at Leicester, says enquiries are varying on a day to day basis and there is no discernible trend. He suggests the local economy may still be simply "on a plateau."

#### Overheads cut

The one positive factor in the market, particularly over the past two years, has been the demand for second-hand and refurbished premises rather than for new rented accommodation.

Companies, faced with falling orders and contracting volumes, are anxious to cut overheads such as rent and rates.

Mr Nigel Griffiths, in the Nottingham office of Cavanagh, William H. Brown, points out that as a general rule a second-hand industrial unit of approximately 10,000 sq ft will achieve a rent of around £1 a sq ft compared with similar new premises at around £1.80 a sq ft.

The freehold sector is much stronger than leasehold as companies look for the bargains

in a buyers' market and seek to get greater control of costs.

What limited new building is taking place is usually prelet or freehold. Demand for nursery units continues but it tends to taper off above around 2,500 to 5,000 sq ft.

Mr Griffiths says the lack of demand for larger accommodation is particularly noticeable in warehousing. He maintains that manufacturers in an uncertain business climate are tending to produce to order rather than hold large stocks of finished goods.

The overhang of new rented accommodation on the market for some months now clearly undermines confidence. Agents agree that given a return to more normal conditions the balance of supply of well-located modern premises could quickly swing the other way, but few can see it happening in the near future.

Developers are taking a cautious "wait and see" attitude to new projects. One of the few companies pressing ahead with speculative larger industrial units is A. H. Wilson, of Leicestershire. This activity, however, merely underscores the importance of prime location: speculative units are underway on the Meridian Business Park, a 72-acre site at the junction of the M69 and M1.

Local authorities helped in part by government funds committed through inner city aid schemes and the recent Urban Development Grant, are playing an important role in providing starter units.

Nottingham City Council, for example, reports that the 11 units offered at Churchfield Court, Top Valley, five miles north of the city centre, were all let within three weeks of completion. The units varying from 600 to 1,100 sq ft went for rents of around £2.50 a sq ft.

Nottingham, like other authorities in the region, is talking to the private sector with the aim of encouraging advance building programmes to attract new industry.

Public sector involvement has been particularly important in pushing growth in Northamptonshire, both in the county town and at Corby.

Corby, the first enterprise zone to be designated in England, has attracted 186 new companies and created 3,000 new jobs in just three years.

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In Northampton there is increasing activity, though as elsewhere it is the smaller units that are in greatest demand. The Development Corporation, the driving force behind expansion, is scheduled to be phased out by the end of next year but investment is expected to continue.

The corporation, which has around 200,000 sq ft of new industrial property available, stopped its advanced building programme last year.

The freeholds of its industrial land bank are up for sale, but in a depressed market the corporation may seek government help to await an upturn. Rather than accept knock-down prices the assets could be handed over to another public body, such as Northamptonshire County Council.

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## PROPERTY IN THE MIDLANDS - IV

Many of the multiples have reduced outlets and remain cautious

## Retailers' gloom starts to lift

THESE ARE hopes that the shakeout of the retail property market in the Midlands caused by the recession may now have run its course.

Agents report a mixed picture but more optimism; the view is that the multiples have disposed of their less profitable outlets and are beginning to fight back.

Trading patterns have undoubtedly shifted under the impact of an economic downturn that has ravaged the manufacturing base of the whole region. Retailers have been squeezed from below by the rising costs of rents, rates, services and labour and from above by falling demand as purchasing power has shrunk because of rising unemployment.

The problem is perhaps best illustrated in the Mander Centre, Wolverhampton, and the Gracechurch Centre, Sutton Coldfield where high rent rises have contributed to the exit of many traders and to the offer of reverse premiums."

Many of the multiples have not only reduced their number of outlets but remain cautious and far more selective. In the words of one Nottingham agent: "A few years ago they would have aimed for a particular part of a street. Now they wait for the exact spot. The one next door is no longer good enough."

But the very reluctance of the big retailers to commit themselves has opened the way for regional groups or even individual traders to move into locations previously thought pro-

hibitive. The increased competition from such sources is forcing the nationals to review constantly their marketing techniques and image.

Indications of such adjustments are provided in central Birmingham by the refurbishment of Rockham, part of the House of Fraser, and in Solihull by Beatties.

### Alarm bells

In Birmingham, the closure of Debenhams set the alarm bells ringing about the long-term consequences of the present recession. In reality, the latest economic downturn probably merely served to underline the fact that the store was not in a prime position. It is hoped that the redevelopment of the nearby Snow Hill station site, now underway, will improve the number of potential customers walking through the area.

Redevelopment is imminent of the 80,000 sq ft Debenhams store to provide shops at ground level with offices above.

Birmingham City centre rents range from around £20 a sq ft in the much-in-demand High Street to £50 a sq ft in Corporation Street. Prices in the suburbs have also held up well encouraging developments such as the second phase of the Grosvenor centre, at Northfield.

At Solihull, the Environment Secretary has called a public inquiry for next month to consider plans by the borough council to demolish homes in

order to build a 100,000 sq ft extension of the central shopping area.

The plans propose a 45,000 sq ft food store, a 35,000 sq ft general store and more than 20 small specialist shops.

Controversial planning applications are also in for a series of "superstores" near to Solihull and the M42 motorway. The big names involved include Tesco Stores, J. Sainsbury and the Co-operative Wholesale Society.

Retail developments throughout the Midlands, with the exception of plans for new shopping centres at Cheltenham, Hereford and Walsall, tend to be fairly small-scale and piecemeal.

Perhaps the most ambitious project mooted is that by Penwise Properties for a 1m sq ft Great Cross-style shopping complex on a greenfield site at the junction of the M1 and M69.

The developers' appeal against the local authority refusal of planning permission has now been with the Environment Secretary for more than 12 months.

The plan is understandably described by one agent as "like the sword of Damocles hovering over Leicester." While Leicester is the nearest city might be under immediate threat, such a centre would have a potential catchment area stretching to Coventry and Birmingham in the West, Nottingham and Milton Keynes to the south.



A Sapcote refurbishment carried out at Wavertree trading estate where 30 units are now all occupied by small businesses. Below: Mr Stuart W. Sapcote, deputy managing director, and Mr Bob Holloway, director.



PROFILE: WILLIAM SAPCOTE & SONS

## Recession benefits refurbishers

STUART SAPCOTE, elegant antiques dealer and son of the former chairman, is not

sure whether he is sixth or seventh generation in the Birmingham-based family firm of building contractors, William Sapcote and Sons. But he is emphatic in his belief that the recession that has ravaged the Midlands has been "very good news for us."

The mounting pace of factory closures and company liquidations has provided Sapcote's development arm with its low cost raw material. The company has snapped up old and often rambling factories, split them into manageable units and sold them off to businesses anxious to hold the freehold and rid themselves of the dependency on tenancy.

Sapcote has refurbished around 1m sq ft of industrial accommodation in the past 12 months. One notable scheme was the joint venture with Guest Keen and Nettlefold to dispose of a 250,000 sq ft units and bolts factory on a 10 acre site at Darlaston.

"The agents were saying no one would want units there; the area has so many problems with rocketing unemployment," Mr Sapcote laughs. "We have sold 50 of the 94 units in just 12 months."

The average freehold price for the refurbished unit was £3.50 a square foot. Mr Sapcote enthuses: "We were so indifferently competitive when you compare it with just renting at perhaps £1 to £1.50 a square foot. There was a mass exodus from the local industrial estates."

Sapcote, which has been refurbishing factories for 10 years, has been quick to identify the gap in the market over the past three years as companies have traded down.

### Quick turnaround

The business philosophy is based on low profit margins but a quick turnaround: "Purchasers make their decisions on price and we offer good value for money. We have our own construction company so the building work can go in at cost. We take a reduced development profit; the aim is to move the property quickly."

Aggressive marketing is also important. Sapcote placed advertisements in the local newspapers to promote its "Spring Sale" with prices cut by an average of 10 per cent in return for a quick exchange of contracts.

The company also offers special schemes to attract buyers. Under flexible prospective purchasers can lease a unit for up to three years with the option to buy at a fixed price during that period.

On properties costing more than £50,000 Sapcote guarantees to buy back the factory, if necessary, at the same price for which it was sold.

William Sapcote & Sons was established as a general building contractor in 1855 but rapid expansion has come

only in the last 10 to 15 years. Turnover has shot up from around £300,000 a year to £15m.

Most of the 400-strong workforce are concentrated in the West Midlands but a door-and-window emergency replacement service started 10 years ago has expanded rapidly and operates nationwide.

Mr Sapcote smiles: "The man who started it was known grandly as the managing director. Then he had only a secretary and one engineer. Now he has about 100 workers."

Building activities stretch to specialist restoration, including work on Warwick Castle and Anne Hathaway's Cottage at Stratford-upon-Avon.

### Signs of improvement

Mr Sapcote says there are signs of a recent improvement in the economy apparent in the general contract building division, but, if anything, demand for industrial units has eased.

He wonders whether companies, perhaps becoming more confident about prospects, might now be looking once more at new rather than refurbished factories.

"Our units are very much the Ford Escort part of the market. Perhaps people are moving back up to the Jaguar class and we will have to go with them. Whatever happens I think we have our finger on the pulse."

Refurbishment projects are underway at nine sites in Wolverhampton, Smethwick, Sutton Coldfield, Aston, Oldbury and Green. But the biggest scheme is at the former Eaton Vale factory, Willenhall, where a 250,000 sq ft factory is being subdivided.

The firm development will offer 60 freehold units ranging from 500 to 50,000 sq ft. Prices start at £3 a sq ft.

Mr Sapcote says he is in the process of buying another large company and about possible joint development.

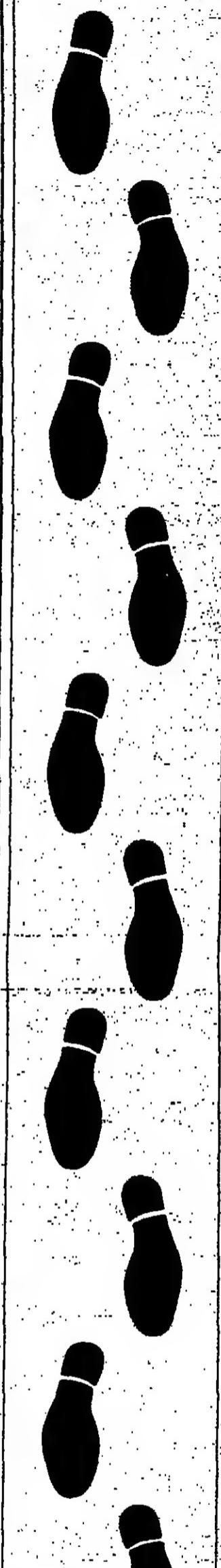
The scope for refurbishment has to be wide: in the West Midlands alone there is an estimated 30m sq ft of vacant industrial property but Mr Sapcote points out that meticulous investigation is the key to development success.

"So often I have seen people get into a scheme only to discover that major and unbudgeted infrastructure work is necessary."

Mr Sapcote is confident that refurbishment will continue to offer a profitable future for Sapcote. "So far we have competed mainly on price. Marketing will become increasingly important and we will have to offer that bit more."

In a move to upgrade accommodation mahogany doors and brass fittings are now being introduced: "We must no longer be just cheap. We will have to add the frills."

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## THE MANAGEMENT PAGE

Jurek Martin on the Japanese electrical company's plans to broaden its product base

# Reshaping the mould at Toshiba

THERE IS a popular picture of the prototypical senior Japanese corporate executive. He (never she) spends a lifetime with one company; he switches from department to department, becoming a jack-of-all-trades, learning the nooks and crannies of his company more thoroughly than the traditional Western specialist ever could; he never stops working and rarely takes a holiday; he will, if pressed, admit to playing golf, probably because he likes it but possibly because that is what is expected of people of his level; he will hardly ever confess to playing it.

When asked why Japanese companies have been so successful in international markets, he will, almost without exception, point to the imperative of having the right product — a simple philosophy which, he will politely infer, Western businesses seem somehow to have forgotten. He may add that it helps to have a loyal and competent workforce which identifies with the company's success and which willingly co-operates in whatever way of doing things management thinks best.

But he is also likely to insist that Japan has discovered no corporate Holy Grail but has merely adapted and arguably improved on what it gleaned from careful study of Western commercial practices:

The mould may not be perfect; Japan naturally produces its share of non-conformists in the business field, such as Akio Morita of Sony. But this is an homogenous society for the most part and it is perhaps inevitable that leaders of it are measured against the well-known stereotypical norm.

Take, for example, the case of Mr Soichiro Honda, new president of Honda. The company is a household name, but its

**TOSHIBA**

leader is not. Yet Toshiba is changing — from reliance on conventional consumer appliances, heavy machinery and nuclear power to becoming a leader in more sophisticated electronic high technology — and Mr. Honda is directing the evolution of this substantial \$10bn a year sales company. It is only reasonable to wonder how he got there, what moves him and what he wants to do; put crudely, does he fit the pattern or break it?

Perhaps inevitably, the picture is mixed, and more intriguing because of this. True to type, he has been a Toshiba man all his working life since first joining the company in 1942, with just a brief break for wartime service (as a Japan-based instructor in the use of wirelesses).

Less typical is that he has remained a specialist through and through — an engineer, he freely confesses, from head to

toe, from his start doing research in high voltage phenomena to the present, where he also serves as chairman of the Japanese Institute of Electrical Engineering.

"My engineering career," he says with obvious pride, "has been a very important factor in my way of thinking and management." Toshiba, he goes on, has always been a manufacturing company in which the paramount factor has been the quality of the product, "the love of craftsmanship and behaviour of the company." (Again, very much the conventional Japanese view.)

The charm of the engineering discipline, he explains, with

much enthusiasm, is its endless applicability. "Even my Army experience benefited me a lot: at Tokyo University my graduating paper was in power engineering but during the war I had to instruct cadets in wireless engineering, in other words I had to apply my knowledge to practical science." And getting into early transistors, he goes on, "made me have an interest in computers."

This sense of interest in Toshiba's products peppers Saba's conversation. As president, he has, he says, "some opportunity, not as much as I would like, to stay in touch with technological developments." But "the important thing is to have an interest in the product, not always in detail, but an interest."

Or again true to standard Japanese litany, "in foreign countries, management is generally money management, but in Japan it is product management as much, if not more, than money or personnel."

The Japanese are, it is well known, strict students of the practices of other nations and Mr. Saba is not hesitant to point to the year (1956-57) he spent in the U.S. as Toshiba's liaison engineer with General Electric as a seminal experience, both personally and for his own company. For a start, it compelled him to speak English ("there I was in Schenectady, New York, working by myself, with no secretary and no family which I had left behind in Japan; there were no English books in Japanese in Schenectady so I had to speak English to survive"). Today, his English is clipped, precise and superior.

The GE-Toshiba connection is longstanding: the U.S. company used to own part of Toshiba before the war and, in the mid-50s, Toshiba was manufacturing power generators and transformers under licence from GE. But it was the U.S. concern's training and management techniques which, he says, really opened his eyes. Additionally he saw that GE had "enormous research and development" powers: "they were so far ahead of us," he notes now. His reports back to Toshiba came to serve as the basis for his company's training and engineering programmes and obviously marked something of a turning point in his own career by establishing him as a management authority.

But 25 years later, Toshiba is a very different company operating in a very different, and much larger, commercial environment. Not so long ago it is fair to say that it had acquired something of a stuffy image; even in Japan it seemed a little too content with its solid, but not spectacularly profitable domestic and regional

I do not feel frustration in my job. There is no time for frustration; sometimes there is not enough time to think, but I am a flexible man.

Asian markets and rather conventional product mix. When it did break new ground, in producing for example Japan's first word processor, it sometimes found itself being overtaken by competitors, in this case Fujitsu. And, to hindsight, it appears to have backed the wrong horse in the video cassette recorder market by aligning with Sony's Beta system, now distinctly in second place to the rival VHS system (Toshiba now is pinning hopes on the next generation of 8mm VCRs).

But its most recent advances in semi-conductor based technology, ranging from CMOS chip production, office automation, robotics and pioneering

medical equipment, point the way: (the company's current motto is: "in touch with tomorrow"). So does a new onslaught on the major markets of the U.S. and Europe, hitherto relatively undeveloped territories.

Mr. Saba acknowledges and welcomes the evolution but adds that "we need some time to change course" to high technology electronics and away from heavy industry and the conventional consumer applications fields. But, he implies, even in the process of change, Toshiba must not forget that it is the product which counts most, for it is the key to profitability.

Thus the decision taken late last year to establish a manufacturing plant for integrated circuits in West Germany was based primarily on the fact that West Germany remains the biggest European market for semiconductors and thus potentially the most profitable.

Britain, incidentally, received something of a consolation prize. Sir Hugh Cortazzi, the British Ambassador here, had been impressing the British case to Mr. Saba (which confers a healthy recompence for the other's abilities). It so happens that Sir Hugh's known passion is to promote greater Anglo-Japanese understanding through educational, cultural and commercial exchanges. So Mr. Saba came up with the idea of establishing a Toshiba fellowship which would

**TOSHIBA**

bring a couple of British engineers over for a year's work with the Japanese company, an interesting example of how, in the 25 years since Mr. Saba spent a year in Schenectady, the hoof has switched to the other foot.

But shifting gears at Toshiba clearly requires an element of ruthlessness, and even in the inevitably courteous confines of an interview this does occasionally manifest itself. The Toshiba-Ampex affair is a case in point, touching a raw nerve in Toshiba's corporate image.

It is an intriguing and unusual tale. Toshiba and Ampex of the U.S. had set up, in the mid-1970s, a smallish joint venture in Yokohama manufacturing professional quality VCRs. Late last year, Toshiba closed it down on the grounds that it was losing money and was not in effective competition with Sony. Normally when this occurs in a Japanese company of Toshiba's size, with its tradition of lifetime employment, staffs are reassigned to other divisions.

Except that, on this occasion,

EDITED BY CHRISTOPHER LORENZ

## Management abstracts

500 Years of Work Study  
C. P. Verschuren in Bedrijfsvoering (Netherlands), Nov 82

Reviews a recent book by a German professor (Hackstein) that contends that the originators of work study were not Taylor and Gilbreth, but Europeans like Leonardo da Vinci, and explains why the Americans — not the Germans — got the credit.

Stop the Computer — I Want to Get Off  
H. Paul in the British Journal of Administrative Management (UK), Oct 82

Charges that in using computers, too many people have forgotten that what matters is not the process but the result. Stigmatises the mindless use of word processing and the belief that because something is possible, it should be introduced. Pleads for greater awareness of how staff are affected by the introduction of information technology and attacks the lack of standardisation.

Growth in Mature Industries  
R. V. Bearne in The Journal of Business Strategy (USA), Vol 3 No 2

Contends that businesses operating in mature markets should, in reliance on their portfolios, namely by acquisition, but by research and innovation. Describes an analytical approach to developing an opportunities profile — considering users, competitors, technology, profit sensitivity — and to creating an innovation budget and a market attainment plan. Stresses the need for understanding the industry life cycle as a basis for identifying suitable market entry strategies, and emphasises the importance of creating a dynamic management organisation to encourage innovation.

Direct Marketing  
R. Dorsett and others in Campaign (UK), 3 Dec 82

Analyzes the direct marketing scene in U.S. and predicts how it could develop in UK: sees a booming future for door-to-door delivery of direct marketing communications, and expands the case for telephone selling.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each, including VAT and p+p (cash with order) from Anbar, P.O. Box 23, Wembley HA9 8DJ.

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Financial Times Friday May 20 1983

## **INSURANCE & OVERSEAS MANAGED FUNDS**



How EEC fish  
quotas would  
work, Page 41

## SECTION III - INTERNATIONAL MARKETS

# FINANCIAL TIMES

Friday May 20 1983

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### WALL STREET

## Shadow of money data looms anew

ANOTHER nervous trading session developed on Wall Street yesterday with turnover in both bonds and equities at low levels as investors awaited the next indication of the outlook for interest rates, writes Terry Byland in New York.

The stock market ran into a sudden bout of selling late in the day which drove prices down to their lowest levels of the session, leaving the Dow Jones average well below the 1,200 level.

Share prices had been weak at the beginning of the day but had attempted to rally at mid-session when selling died away for a time.

At the close, the Dow Jones industrial average was 12.19 points down at 1191.37 on 83.1m shares.

In the day IBM, \$4 down at \$111, had been as low as \$110.4, and similar patterns were traced by General Electric, \$1.2 down at \$104.2; Texas Instruments \$1.14 off at \$148.4; General Motors, \$4 lower at \$67; and Chrysler, \$4 lower at \$26.4.

But Ford stood out among the major stocks with a gain of 5% to \$49.4 on news of a major contract from the Hertz car rental group.

Of the day's major corporate reports, shares in International Harvester, the troubled farm equipment group, slipped 3% to \$10.4 despite a reduced loss in the second quarter, while Alexander and Alexander - the insurance group still smarting from its acquisition of Alexander Howden, the UK insurance broking group - shed \$4 to \$21.4 after the annual meeting was told of cuts in staff and salaries.

Shares in Firestone Tire held unchanged at \$22.4 despite higher profits in the second quarter, and Kroger was also unchanged at \$40.4.

A strong feature was Time, the publishing group, which jumped \$4 to \$70 on its decision to spin off its forest products division to shareholders.

Falls among the oil stocks were limited to 3% or so. Exxon at \$33.6 shed \$4 and Standard Oil of California at \$37.6 was 5% off.

Rail stocks held firm against the market trend. Union Pacific edged up by 5% to \$55.4 and CSX at \$36 lost only 5% of their recent gains.

The retail sector, which is considered vulnerable to any tightening of policies by the Fed should money supply continue to move higher, came in for some selling pressure.

Toys R Us, the largest specialty store group, lost 3% to \$56.4 while Woolworth was 5% at \$31.4 and Sears, boosted recently by its plans to expand further into financial services, gave up 1% to \$33.4.

In the credit markets, the disclosure of revised FOMC figures for the first quarter served only to fuel the debate on whether the strength of the economic recovery is endangering the downward trend in interest rates.

Federal funds, the cost of short-term funds to the banks, remained firm at 8% per cent yesterday, but there were those in the market who held that a cut in the federal discount rate as a sweetener to the Williamsburg summit is still on the cards.

Fixed interest markets remained dull and paid little heed to a \$1.5bn customer repurchase arrangement by the Fed.

Longer dated federal bonds were generally firmer, headed by the benchmark long bond at 97% but dealers said there was no retail interest. Yields on Treasury bills added a few basis points, putting the three-month at 8.13 and the six-month at 8.23.

In a dull municipal sector, there was continued nervousness ahead of the outcome of the Washington Public Power Supply problem where a major default remains a possibility.

The corporate bond sector had a quiet session with no significant price movements.

Weakness in Toronto, which set in from the outset, affected nearly all sectors but was most pronounced among the golds. Decline overall maintained a fairly narrow lead over advances, however. Industrials were the Montreal strong point, while banks and papers underwent modest markdowns.

### LONDON

## Full steam ahead for speculators

AGGRESSIVE speculative buying of P & O in London again highlighted equity markets yesterday. Trading in the shipping line accounted for some 2.8 of an 8.6 rise in the Financial Times industrial ordinary index to 698.4.

P & O deferred advanced to 217p before closing a net 24p higher for a three-day surge of 62p to 214p. Trafalgar House, owner of Cunard and a new stakeholder in the rival group, eased 3p to 189p after touching 183p.

Bid speculation spilled over to other shipping issues - notably Ocean Transport, 12p higher at 109p, and Hunting Group, 5p ahead at 99p.

Cheerful trading statements from leading companies such as Shell and Land Securities aided general sentiment, as did opinion polls showing a maintained Government lead over other political parties.

Interest in leading shares otherwise remained very selective. Tate and Lyle was favoured ahead of the interim figures, while revived bid speculation took Dunlop up 7p to 63p. Courtaulds edged higher awaiting today's preliminary figures.

Potential takeover candidates claimed most of the attention among secondary issues but interest overall remained at a fairly low level.

Government stocks once again remained out of the picture. Medium and long-dated issues traded on a quietly firm note to close with gains of 1% to 1%. Against the trend, index-linked stocks continued out of favour and recorded fresh losses extending to 1%.

Shell's first-quarter profits exceeded market estimates and the close was a net 14p up at 504p. Ultramar was in demand and, with stock in short supply, rose 17p to 555p. British Petroleum continued to edge forward and firms 4p to 388p. Elsewhere, KCA International shed 5p to 97p on end-account profit-taking.

Elsewhere, London and Liverpool Trust dropped to 140p on renewed worries concerning its Telecenter video subsidiary before rallying strongly to finish 6p better on balance at 170p.

Poly Peck lost 1p to 16p on disappointment with the interim results. BICC fell 7p to 235p after 226p while Relac gained 16p to 497p.

Share information service, Pages 42-43

### AUSTRALIA

## Quiet prelude

THIN and nervous Sydney trading preceded the federal economic statement which came after the close, with industrial worst affected, while golds were strong in the face of a lower bullion price and other resources had a mixed showing.

EZ Industries rose 20 cents to A\$6.10, BHP 8 cents to A\$8.44 and Pancontinental 5 cents to A\$1.45 but Vangas shed 10 cents to A\$8.10.

Of the banks ANZ at A\$4.26 and National Australian at A\$2.88 each lost 4 cents.

### SOUTH AFRICA

## Golds off lows

AN AFTERNOON upturn for Johannesburg golds trimmed earlier losses in most cases to a rand or less.

Mining houses and financials were generally better. Anglovaal added R1.50 to R75.50 and Anglo-American five cents to R26.60 but JCI ("Johnnies") shed R1 to R1.57.

In firm industrials Rennies came back 50 cents to R10.75, halting a strong run earlier this week.

### FAR EAST

## Second-line again at Tokyo fore

BLUE CHIPS resumed their downward path of the past week in Tokyo yesterday after a one-day respite, but gains among shares of smaller companies were widespread, if muted in extent.

This was reflected in divergent movements by the two main market indicators: the Nikkei-Dow Jones market average, charting the course of the leaders, relinquished 14.42 of Wednesday's 26.62 upturn to end at 8,584.42 while the broader stock exchange index firmed 0.2 to 632.03.

Although volume improved from 310m to 330m shares, dealers said sentiment was being restrained by uncertainty over US interest rate trends and the associated impact on the yen-dollar rate.

Foreign buying assisted an initial 12-point advance in the Nikkei-Dow, but this was quick to collapse. One broker described investors' focus as "blurry", and two-way trading pervaded much of the market.

Office automation and related issues benefited from expectations of increased sales as companies moved into computer-aided design and manufacturing (Cad-Cam) systems. Nippon Univen advanced a healthy 102 to Y1,020, Kokuyo Y63 to Y1,000 and Brother Y22 to Y177.

News that machinery orders in March had recorded the first year-on-year increase for 14 months took Tsugami Y85 higher to Y455, Washino Y16 to Y276 and Toshiba Machine Y8 to Y190, and electronic component issues also firmed.

But of the leaders Fuji Photo slipped Y30 to Y1,840, Sony Y10 to Y3,650, Canon the same amount to Y1,350 and Hitachi Y9 to Y776.

Government bond prices recovered some morning losses but yields added about four basis points at the long end.

Sporadic overseas selling, prompted by the enduring weakness in the Hong Kong dollar, overcame the positive effects of bargain-hunting to take the Hang Seng index 5.24 lower at 928.22 in quiet dealings.

Falls of 10 cents were recorded in Hong Kong Electric at HK\$5.35 and Jardine Matheson at HK\$13.10 while Cheung Kong at HK\$8.10 and Hongkong Bank at HK\$7.85 were each five cents cheaper. But Swire Pacific A managed a 10 cent improvement to HK\$12.50 and Hongkong Land held steady at HK\$3.90.

Modest profit taking had a similar effect in Singapore, pulling the Straits Times industrial index 12.48 lower to 935.40 and providing 25 cent losses for Fraser and Neave at \$88.80, Malayan Cement at \$87.90 and National Iron at \$88.90.

Activity was most prominent among the speculative issues, where Faber Merlin in hotels slipped 6 cents to \$82.37 but property issue Bandar Raya added 2 cents to \$82.53.

Public Bank, a sharp gainer in recent days, fell 25 cents to \$88.40 after it told the Kuala Lumpur exchange it knew of no reason for the rise.



### EUROPE

## Results are reason for resilience

A WAVERING Wall Street left the European bourses for the most part reliant yesterday on the stimuli of trading statements and forecasts from prominent individual companies. These in general were modestly optimistic, but not always sufficient to lift the market as a whole.

Meanwhile, the Bank of France sold FF 3,1bn in floating-rate two-month Treasury bills at tender, the bulk of which were allocated fractionally below the average call money rate. The sale was four times oversubscribed.

Worries in Brussels over the future of steelmaker Cockerill-Samhore took its stock BFr 2 lower to BFr 106 and depressed sentiment generally, according to dealers. But Arbed added BFr 22 to BFr 1,004.



FINANCIAL TIMES CONFERENCES

## The Outlook for Motor Components

Geneva, 1 & 2 June 1983

The Financial Times is pleased to announce that Mr Roger B Smith, Chairman of the Board of General Motors Corporation will deliver the keynote address on June 2 at this major conference timed to coincide with SITEV 83, the tenth international exhibition for the suppliers of the vehicle industry.

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Ford of Europe Inc

**Mr F Perrin-Pelletier**  
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**Dr Hermann Eisele**  
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**Mr Kenneth Gardner**  
Finance Director  
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**Mr Kuo-An Hsu**  
Director General, Industrial Development Bureau, Ministry of Economic Affairs, Taiwan

**Mr Gustaaf M Francx**  
Director, Polymers & Industrial Chemicals, Monsanto Europe-Africa

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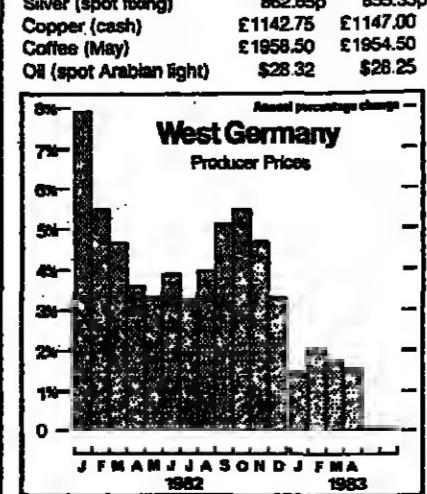
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## The Outlook for Motor Components

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\* Indicates latest pre-close figure

## **NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES**

# A FINANCIAL TIMES SURVEY

# GOLD

## JUNE 23

- and Silver. The provisional editorial synopsis is set out below.

  1. Introduction The Gold Market
  - prospects for Gold price movements
  - in the year ahead, etc.
  4. London bullion brokers
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  7. Coins
  8. Mining shares
  2. Gold in the World Monetary System
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Continued on Page 39

## **AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES**

**Continued on Page 40**

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

**Continued on Page 40**

Sales figures are unadjusted. Yearly highs and lows reflect the previous 52 weeks plus the current week but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise

noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s) b-annual rate of dividend plus stock dividend. c-liquidating dividend cld-called. d-new year low. e-dividend declared or paid in preceding 12 months f-dividend in Canadian funds, subject to 15% non-residence tax. g-dividend declared after split-up or stock dividend h-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting i-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading nd-next day delivery P/E-price-earnings ratio r-dividend declared or paid in preceding 12 months, plus stock dividend s-stock split. Dividends begins with date of split st-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-newly year high v-trading halted w-in bankruptcy or receivership or being reorganized under the Bankruptcy Act x-securities assumed by such companies wd-when distributed wf-when issued. ww-with warrants x-ex-dividend or ex-rights xds-ex-distribution xw-without warrants. y-ex-dividend and sales in full. yd-yield z-sales in full.



## COMMODITIES AND AGRICULTURE

## Proposed fishing quotas would cut cod and mackerel catches

BY LARRY KLINGER IN BRUSSELS

THE European Commission is proposing 1983 fishing quotas for the EEC's most valuable species which would substantially reduce cod and mackerel catches.

The Commission is also expected to propose the reopening of herring fishing in the northern and central North Sea areas where it has been banned for six years to replenish stocks.

Officials yesterday spelled out the details for this year's proposed share-out for the main species on the basis of the January 1982 agreement by the EEC 10 member-states which finally established a Common Fisheries Policy (CFP) after nearly seven years of negotiations.

This gave Britain more than 35 per cent of the total catch, Denmark around 25 per cent, France and West Germany about 11 per cent each, with the remainder being shared by Ireland, Belgium and the Netherlands.

In proposing reduced quotas for cod and mackerel from around 520,000 to 511,000 tonnes and 375,000 to 265,000 tonnes respectively, the Commission avoided comment on possible past overfishing. Officials said

1983 QUOTA PROPOSALS (Main species in 1,000s of tonnes with 1982 levels in brackets*)						
	EEC W Germany	France	UK	Denmark		
Cod	511.3 (522.1)	82.5 (76.1)	31.6 (39.0)	124.6 (140.5)	22.9 (215.7)	
Haddock	195.8 (201.7)	7.1 (7.6)	18.4 (19.4)	145.1 (148.3)	17.9 (10.5)	
Saithe	93.0 (101.8)	15.6 (16.9)	53.2 (58.4)	15.8 (17.3)	5.5 (5.9)	
Whiting	202.3 (205.5)	14.4 (14.6)	40.2 (40.2)	90.8 (90.8)	34.9 (34.9)	
Plaice	158.9 (159.8)	5.6 (5.7)	42.4 (42.4)	101.0 (100.0)	30.2 (30.2)	
Mackerel	264.5 (275.0)	16.5 (24.0)	11.0 (16.8)	151.4 (228.0)	64 (64)	

\*Figures are rounded and do not add to totals

simply that the latest scientific evidence shows that recent quotas have proved too generous.

The proposed overall cod catch is being reduced in most EEC waters, including areas around Greenland and the west of Scotland, England and Ireland, as well as in the North Sea, as well as in the North Sea.

Meanwhile, the Commission is hoping to end long talks with Norway on firmly controlled stocks to propose lifting by the first of next month the herring ban in the northern and central North Sea, where scientific evidence suggests around 62,000 tonnes can now be taken.

On the other hand, the Com-

## Stabex cash aid demand rejected

BRUSSELS — The EEC has rejected demands from developing countries for an extra \$450m under its Stabex programme to help offset the effects of a collapse in world commodity prices

Diplomats said the refusal, after two days of talks, could jeopardise future relations between the Community and 83 African, Caribbean and Pacific (ACP) states.

The ACP countries asked for the money to offset a slump in export earnings in 1980 and 1981 when the world recession hit prices for commodities such as coffee and cacao.

The Community said it would not agree to increase the amount available because the shortfall was caused by break conditions and a general slowdown in world prices should lead to better export earnings for the rest of the present agreement, which expires in 1985.

MR DANIEL AMSTUTZ has become Under-Secretary of Agriculture for international affairs and commodity programmes. He will be formally sworn in Monday.

● SUPERMARKETS are considering selling note, a dark green fish that tastes like cod. Of 30 live specimens brought from the South Atlantic for scientific analysis, only six survived. The rest died of seasickness.

THE INTERNATIONAL Natural Rubber Organisation is to store rubber in four Bangkok warehouses.

● ARGENTINE Ministers have been told to draw up emergency plans to deal with severe flooding in the north east.

● THE UNITED STATES has agreed to lend El Salvador \$7.2m to import rice and corn.

● MALAYSIA, Indonesia and Thailand will sign in Bangkok on June 6 an agreement to form the Association of Tin Producing Countries.

A sudden decline on Wall Street, and New York metal markets, wiped out early gains in London metals. Three months' high-grade copper closed 2.5 lower at £1,172.25 a tonne after topping £1,181 earlier in the day.

LME zinc values have been boosted recently by Chinese buying. Last night it was con-

tinued that it could increase the proposed total catch by 42,000 tonnes if the members would agree to widen the area of the south-west of England where mackerel fishing is banned for conservation reasons between March 1 and November 15.

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## Ghana unrest triggers three-year cocoa high

BY RICHARD MOONEY

New worries about Ghanaian cocoa deliveries because of civil unrest there boosted London futures values to three-year highs yesterday.

Against a background of continuing concern about drought and fire damage in West African growing areas, reports of widespread demonstrations and threatened strikes over the recent tough Ghanaian budget prompted a £5 rise to £1,406.50 in the July futures position.

Diplomats said the refusal, after two days of talks, could jeopardise future relations between the Community and 83 African, Caribbean and Pacific (ACP) states.

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Diplomats said the refusal, after two days of talks, could jeopardise future relations between the Community and 83 African, Caribbean and Pacific (ACP) states.

The ACP countries asked for the money to offset a slump in export earnings in 1980 and 1981 when the world recession hit prices for commodities such as coffee and cacao.

The Community said it would not agree to increase the amount available because the shortfall was caused by break conditions and a general slowdown in world prices should lead to better export earnings for the rest of the present agreement, which expires in 1985.

MR DANIEL AMSTUTZ has become Under-Secretary of Agriculture for international affairs and commodity programmes. He will be formally sworn in Monday.

● SUPERMARKETS are considering selling note, a dark green fish that tastes like cod. Of 30 live specimens brought from the South Atlantic for scientific analysis, only six survived. The rest died of seasickness.

THE INTERNATIONAL Natural Rubber Organisation is to store rubber in four Bangkok warehouses.

● ARGENTINE Ministers have been told to draw up emergency plans to deal with severe flooding in the north east.

● THE UNITED STATES has agreed to lend El Salvador \$7.2m to import rice and corn.

● MALAYSIA, Indonesia and Thailand will sign in Bangkok on June 6 an agreement to form the Association of Tin Producing Countries.

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**BRITISH FUNDS**

High Low Stock Price + w Yield % Ret.

"Shorts" (Lives up to Five Years)

High	Low	Stock	Price	+ w	Yield	Ret.
99.5	98.1	Treasury 96 Dec '83	99.9	-	—	
102.1	100.9	Exch 12 Dec '83	101.2	—	—	
100.1	98.1	Exch 1 Dec '83	100.5	—	—	
99.1	97.1	Exch 12 Dec '83	99.4	—	—	
99.1	97.1	Exch 1 Dec '83	99.4	—	—	
103.1	102.2	Exchequer Acc '84	103.8	—	—	
95.1	92.1	Exch 1 Dec '84	95.8	—	—	
107.1	105.1	Exch 12 Dec '84	107.4	—	—	
107.1	105.1	Exch 1 Dec '84	107.4	—	—	
107.1	105.1	Exch 12 Dec '85	107.4	—	—	
107.1	105.1	Exch 1 Dec '85	107.4	—	—	
107.1	105.1	Exch 12 Dec '86	107.4	—	—	
107.1	105.1	Exch 1 Dec '86	107.4	—	—	
107.1	105.1	Exch 12 Dec '87	107.4	—	—	
107.1	105.1	Exch 1 Dec '87	107.4	—	—	
107.1	105.1	Exch 12 Dec '88	107.4	—	—	
107.1	105.1	Exch 1 Dec '88	107.4	—	—	
107.1	105.1	Exch 12 Dec '89	107.4	—	—	
107.1	105.1	Exch 1 Dec '89	107.4	—	—	
107.1	105.1	Exch 12 Dec '90	107.4	—	—	
107.1	105.1	Exch 1 Dec '90	107.4	—	—	
107.1	105.1	Exch 12 Dec '91	107.4	—	—	
107.1	105.1	Exch 1 Dec '91	107.4	—	—	
107.1	105.1	Exch 12 Dec '92	107.4	—	—	
107.1	105.1	Exch 1 Dec '92	107.4	—	—	
107.1	105.1	Exch 12 Dec '93	107.4	—	—	
107.1	105.1	Exch 1 Dec '93	107.4	—	—	
107.1	105.1	Exch 12 Dec '94	107.4	—	—	
107.1	105.1	Exch 1 Dec '94	107.4	—	—	
107.1	105.1	Exch 12 Dec '95	107.4	—	—	
107.1	105.1	Exch 1 Dec '95	107.4	—	—	
107.1	105.1	Exch 12 Dec '96	107.4	—	—	
107.1	105.1	Exch 1 Dec '96	107.4	—	—	
107.1	105.1	Exch 12 Dec '97	107.4	—	—	
107.1	105.1	Exch 1 Dec '97	107.4	—	—	
107.1	105.1	Exch 12 Dec '98	107.4	—	—	
107.1	105.1	Exch 1 Dec '98	107.4	—	—	
107.1	105.1	Exch 12 Dec '99	107.4	—	—	
107.1	105.1	Exch 1 Dec '99	107.4	—	—	
107.1	105.1	Exch 12 Dec '00	107.4	—	—	
107.1	105.1	Exch 1 Dec '00	107.4	—	—	
107.1	105.1	Exch 12 Dec '01	107.4	—	—	
107.1	105.1	Exch 1 Dec '01	107.4	—	—	
107.1	105.1	Exch 12 Dec '02	107.4	—	—	
107.1	105.1	Exch 1 Dec '02	107.4	—	—	
107.1	105.1	Exch 12 Dec '03	107.4	—	—	
107.1	105.1	Exch 1 Dec '03	107.4	—	—	
107.1	105.1	Exch 12 Dec '04	107.4	—	—	
107.1	105.1	Exch 1 Dec '04	107.4	—	—	
107.1	105.1	Exch 12 Dec '05	107.4	—	—	
107.1	105.1	Exch 1 Dec '05	107.4	—	—	
107.1	105.1	Exch 12 Dec '06	107.4	—	—	
107.1	105.1	Exch 1 Dec '06	107.4	—	—	
107.1	105.1	Exch 12 Dec '07	107.4	—	—	
107.1	105.1	Exch 1 Dec '07	107.4	—	—	
107.1	105.1	Exch 12 Dec '08	107.4	—	—	
107.1	105.1	Exch 1 Dec '08	107.4	—	—	
107.1	105.1	Exch 12 Dec '09	107.4	—	—	
107.1	105.1	Exch 1 Dec '09	107.4	—	—	
107.1	105.1	Exch 12 Dec '10	107.4	—	—	
107.1	105.1	Exch 1 Dec '10	107.4	—	—	
107.1	105.1	Exch 12 Dec '11	107.4	—	—	
107.1	105.1	Exch 1 Dec '11	107.4	—	—	
107.1	105.1	Exch 12 Dec '12	107.4	—	—	
107.1	105.1	Exch 1 Dec '12	107.4	—	—	
107.1	105.1	Exch 12 Dec '13	107.4	—	—	
107.1	105.1	Exch 1 Dec '13	107.4	—	—	
107.1	105.1	Exch 12 Dec '14	107.4	—	—	
107.1	105.1	Exch 1 Dec '14	107.4	—	—	
107.1	105.1	Exch 12 Dec '15	107.4	—	—	
107.1	105.1	Exch 1 Dec '15	107.4	—	—	
107.1	105.1	Exch 12 Dec '16	107.4	—	—	
107.1	105.1	Exch 1 Dec '16	107.4	—	—	
107.1	105.1	Exch 12 Dec '17	107.4	—	—	
107.1	105.1	Exch 1 Dec '17	107.4	—	—	
107.1	105.1	Exch 12 Dec '18	107.4	—	—	
107.1	105.1	Exch 1 Dec '18	107.4	—	—	
107.1	105.1	Exch 12 Dec '19	107.4	—	—	
107.1	105.1	Exch 1 Dec '19	107.4	—	—	
107.1	105.1	Exch 12 Dec '20	107.4	—	—	
107.1	105.1	Exch 1 Dec '20	107.4	—	—	
107.1	105.1	Exch 12 Dec '21	107.4	—	—	
107.1	105.1	Exch 1 Dec '21	107.4	—	—	
107.1	105.1	Exch 12 Dec '22	107.4	—	—	
107.1	105.1	Exch 1 Dec '22	107.4	—	—	
107.1	105.1	Exch 12 Dec '23	107.4	—	—	
107.1	105.1	Exch 1 Dec '23	107.4	—	—	
107.1	105.1	Exch 12 Dec '24	107.4	—	—	
107.1	105.1	Exch 1 Dec '24	107.4	—	—	
107.1	105.1	Exch 12 Dec '25	107.4	—	—	
107.1	105.1	Exch 1 Dec '25	107.4	—	—	
107.1	105.1	Exch 12 Dec '26	107.4	—	—	
107.1	105.1	Exch 1 Dec '26	107.4	—	—	
107.1	105.1	Exch 12 Dec '27	107.4	—	—	
107.1	105.1	Exch 1 Dec '27	107.4	—	—	
107.1	105.1	Exch 12 Dec '28	107.4	—	—	
107.1	105.1	Exch 1 Dec '28	107.4	—	—	
107.1	105.1	Exch 12 Dec '29	107.4	—	—	
107.1	105.1	Exch 1 Dec '29	107.4	—	—	
107.1	105.1	Exch 12 Dec '30	107.4	—	—	
107.1	105.1	Exch 1 Dec '30	107.4	—	—	
107.1	105.1	Exch 12 Dec '31	107.4	—	—	
107.1	105.1	Exch 1 Dec '31	107.4	—	—	
107.1	105.1	Exch 12 Dec '32	107.4	—	—	
107.1	105.1	Exch 1 Dec '32	107.4	—	—	
107.1	105.1	Exch 12 Dec '33	107.4	—	—	
107.1	105.1	Exch 1 Dec '33	107.4	—	—	
107.1	105.1	Exch 12 Dec '34	107.4	—	—	
107.1	105.1	Exch 1 Dec '34	107.4	—	—	
107.1	105.1	Exch 12 Dec '35	107.4	—	—	
107.1	105.1	Exch 1 Dec '35	107.4	—	—	
107.1	105.1	Exch 12 Dec '36	107.4	—	—	



# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

### Dollar firm on higher U.S. interest rates

The dollar continued to improve in thin trading yesterday as hopes of an early cut in U.S. interest rates receded. Euro-dollar rates rose by about 1% of a point, helping to underpin the dollar while fears of a further rise today in U.S. money supply also dented any sizable switch-out of dollars.

Sterling was slightly firmer overall. It was a little weaker against the dollar but improved against other major currencies. Once again activity remained subdued ahead of next month's general election.

**DOLLAR** — Trade weighted index (Bank of England), 122.6 against 124.1 six months ago. The dollar has remained firm as recurring hopes of a steady reduction in the Federal Reserve discount rate have been repeatedly dashed. Signs of U.S. economic growth and inconsistencies in money supply figures again threatened to disappoint the market, which had been hoping for a lowering of the discount rate ahead of the Williamsburg Summit.

The dollar closed at DM 2.4785 from DM 2.4610 against the D-mark, its highest level since early April. It was 1.5% higher against the yen at Y234.45 from Y223.50 and reached a record closing level of FF 7.4435 against the French franc com-

pares with Wednesday's close of FF 7.4025. Against the Swiss franc it rose to SwFr 2.0710 from SwFr 2.0490.

**STERLING** — Trading range against the dollar in 1983 is 1.6245 to 1.5450. April average 1.5421. Trade weighted index 83.9 against 83.9 at noon and 83.8 in the morning and compared with 83.8 on Wednesday and 83.4 six months ago.

Sterling has been much steadier late as oil price worries have faded. In the backwash of the election nerves have left the pound looking vulnerable at times but the large lead of the Conservatives in the opinion polls is acting as a sedative.

Sterling opened at \$L5835-1.5545 against the dollar and traded in a narrow 50 point range before closing unchanged from its opening level at \$1.5535-

1.5545, a fall of 50 points from Wednesday's close in London. Against the D-mark it rose to DM 3.8550 from DM 3.8454 and SwFr 3.23 from SwFr 3.1925. It was also higher against the French franc at FF 11.5650 from FF 11.54 and Y3644 compared with Y3624.

**D-MARK** — Trading range against the dollar in 1983 is 2.4550 to 2.3320. April average 2.3413. Trade weighted index 149.0 against 134.6 six months ago. The D-mark showed signs of recovery after staying weak against its EMS partners following the realignment of the system in late March. Doubts that U.S. interest rates will fall, as once hoped, have transferred attention away from the EMS however, and back towards the strengthening dollar.

## EMS EUROPEAN CURRENCY UNIT RATES

	ECU	Currency	% change from central rate	% change from central rate adjusted for divergence	Divergence limit %
May 18	adjustment	May 18			
Belgian Franc ...	44.1700	45.953	+0.68	+0.66	±1.5447
Austrian Schilling ...	2.41104	2.0710	-1.02	-1.05	±1.0425
French Franc ...	2.2200	2.2000	+0.05	+0.05	±0.5000
Dutch Guilder ...	3.67023	3.67023	+0.57	+0.56	±1.4562
Irish Punt ...	2.52295	2.54010	+0.58	+0.55	±1.4964
Italian Lira ...	1.72269	1.67571	-1.28	-1.26	±1.6699
Swiss Fr ...	1.4200	1.4200	+0.00	+0.00	±1.5000

Changes are in ECU, therefore positive change means a week currency. Adjustment calculated by Financial Times.

## OTHER CURRENCIES

	£	\$	Note Rates
Argentina Peso ...	1,087.125-0.27	78.520-0.27	
Australia Dollar ...	22.95	31.25	
Brazil Cruzeiro ...	7510-1.7620	1,135.6-1.5400	
Denmark Krone ...	15.65-15.75	1.45-1.46	
Drekkir Mark ...	14.10-14.11	0.40-0.41	
Hong Kong Dollar ...	10.58-10.58	7.03-7.04	
Iraq Dinar ...	158.70-158.85	84.90	
Kuwaiti Dinar ...	0.4280-0.4282	0.50-0.51	
Luxembourg Fr ...	75.70-76.85	48.55-49.50	
Malaysia Ringgit ...	1.50-1.50	1.50-1.50	
Norway Krone ...	11.02-11.19	1.02-1.03	
Portugal Escudo ...	4.25-4.26	0.45-0.46	
Spain Peseta ...	2.93-2.95	0.24-0.25	
Switzerland Franc ...	1.47-1.52	1.47-1.52	
United Kingdom Pounds ...	902-916	1.12-1.13	
United States ...	1.581-1.585	1.581-1.585	
U.S.A. D. Hirsh ...	2.7075-2.7145	2.8715-3.5765	

\*Selling rates.

## THE POUND SPOT AND FORWARD

	May 19	Day's spread	Close	One month	% p.s.	Three months	% p.s.	One year	% p.s.
U.S. spread	1.0255-1.0265	1.0255-1.0265	1.02-0.100 pm	1.02-0.100 pm	1.00				
Canada 1.9125-1.9135	1.9125-1.9135	1.9120-1.9130	1.91-0.100 pm	1.91-0.100 pm	0.00				
Netherlands 4.30-4.31	4.32-4.33	4.32-4.33	4.31-0.100 pm	4.31-0.100 pm	0.00				
Belgium 76.60-76.80	76.60-76.80	76.60-76.80	76.60-0.5-6 days	76.60-0.5-6 days	0.00				
Denmark 1.2100-1.2200	1.2100-1.2200	1.2100-1.2200	1.2100-0.100 pm	1.2100-0.100 pm	0.00				
W. Ger. 3.83-3.85	3.83-3.85	3.83-3.85	3.83-0.100 pm	3.83-0.100 pm	0.00				
Portugal 153.00-155.00	153.85-154.95	153.85-154.95	153.85-0.150 pm	153.85-0.150 pm	0.00				
Spain 2.29-2.29	2.29-2.29	2.29-2.29	2.29-0.100 pm	2.29-0.100 pm	0.00				
Italy 2.29-2.29	2.29-2.29	2.29-2.29	2.29-0.100 pm	2.29-0.100 pm	0.00				
Norway 11.05-11.10	11.05-11.10	11.05-11.10	11.05-0.100 pm	11.05-0.100 pm	0.00				
France 11.83-11.87	11.83-11.87	11.83-11.87	11.83-0.100 pm	11.83-0.100 pm	0.00				
Sweden 1.00-1.00	1.00-1.00	1.00-1.00	1.00-0.100 pm	1.00-0.100 pm	0.00				
Japan 362-365	362-365	362-365	362-0.100 pm	362-0.100 pm	0.00				
Austria 26.95-27.10	27.02-27.07	27.02-27.07	27.02-0.100 pm	27.02-0.100 pm	0.00				
Switz. 3.19-3.22	3.21-3.22	3.21-3.22	3.21-0.100 pm	3.21-0.100 pm	0.00				
Belgian Franc 100	1.00	1.00	1.00	1.00	0.00				

Dollar rates for convertible francs. Six-month forward dollar 0.80-0.75pm. 12-month 1.33-1.23pm.

## EXCHANGE CROSS RATES

	Pound Sterling	U.S. Dollar	Deutschmark/K Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canadian Dollar	Belgian Franc
May 18	1.644	1.564	5.855	894.5	7.448	11.585	5.220	4.525	2291.1
U.S. Dollar	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Deutschmark	0.9748	0.4003	1.00	94.65	8.000	1.122	594.2	4.975	1.919
Japanese Yen	0.9748	4.2633	1.00	1.00	1.00	1.00	1.00	1.00	1.00
French Franc	0.9855	1.2424	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Swiss Franc	0.9855	1.2424	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Dutch Guilder	0.9855	1.2424	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Italian Lira	0.9855	1.2424	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Canadian Dollar	0.9855	1.2424	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Belgian Franc 100	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Forward exchange rates for sterling and U.S. dollar against Japanese Yen, French Franc, Swiss Franc, Dutch Guild, Italian Lira and Canadian Dollar.

Treasury Bills: Average tender rates at discount 9.771% per cent. Certificates of Tax On Hold (Series 8) Deposits 9.00% per cent; one-to-three months 10% per cent; three-to-six months 10% per cent; three-to-12 months 10% per cent.

Finance Housea Bank Rate (published by the Finance Housea Association) 11 per cent from May 1 1983. London Deposit Rates for lending 10 per cent. London Deposit Rates for lending 10 per cent seven days' notice.

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